

Nation's Business

A USEFUL LOOK AHEAD

AUGUST 1956



**12
months of
sound growth
ahead**

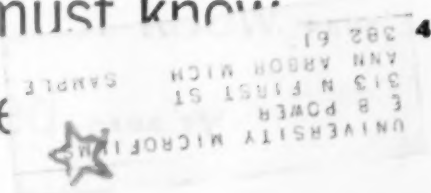
PAGE 28

Pre-convention look at platforms **PAGE 38**

Hiring tips you can use **PAGE 48**

What future executives must know

How to get facts you need



George S. May Service can increase your

SALES and PROFITS!

That's what more than 40,000 progressive businessmen have found during the past 31 years. They learned that they could quickly reduce costs, improve methods, and expand markets with the help of George

S. May Company service. Learn how this remarkable service can bring dynamic new business thinking and experience to the problems that you may have. Learn how you can strengthen your competitive position by the application of time-proved George S. May Company methods. Call any of our offices. A thoroughly qualified representative will call on you without cost or obligation.

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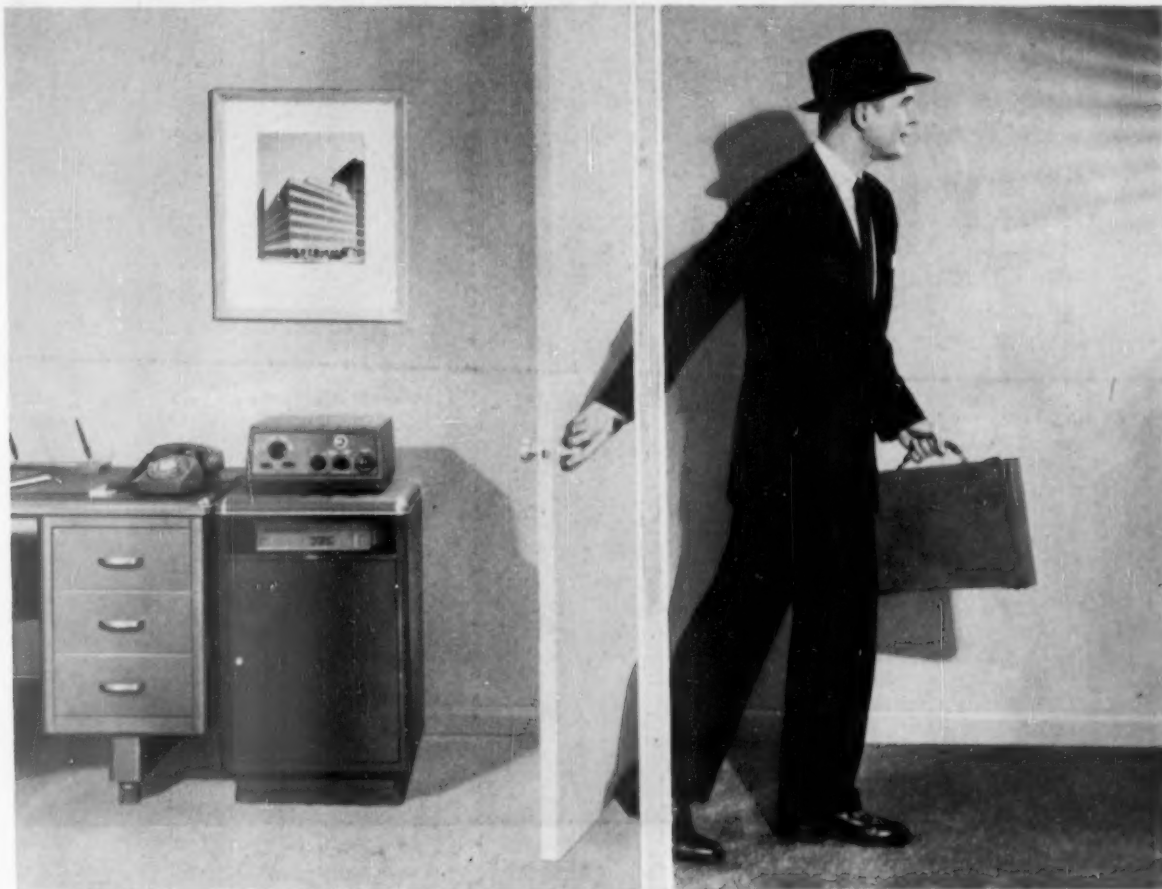
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TELEPHONE 3-1234

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GERMANY, GEORGE S. MAY INTERNATIONAL, G.M.B.H.

YOU'RE IN WHEN YOU'RE OUT



...with the new Telephone Answering set



You can stop worrying about calls lost when you're out of the office once this wonderful instrument starts minding your telephone.

It answers your incoming calls automatically and asks your caller to leave a message for you. Then it records his reply. Ends that "no answer" annoyance for customers, too.

Here's how it works: You simply dictate into your telephone the instructions you wish to leave for

callers... you can also request them to leave a message. On returning to the office you play back their replies.

So, stop missing calls that mean business... start building the good will that comes from providing a real convenience to customers. For full information about the Telephone Answering set and the low monthly rental (*you don't buy it*), just call your local Bell telephone company. Ask for a complete demonstration.

LOOK HOW OTHERS ARE USING THIS SERVICE

Lawyers and other professional people, real estate agents, use it when out on calls or at lunch.

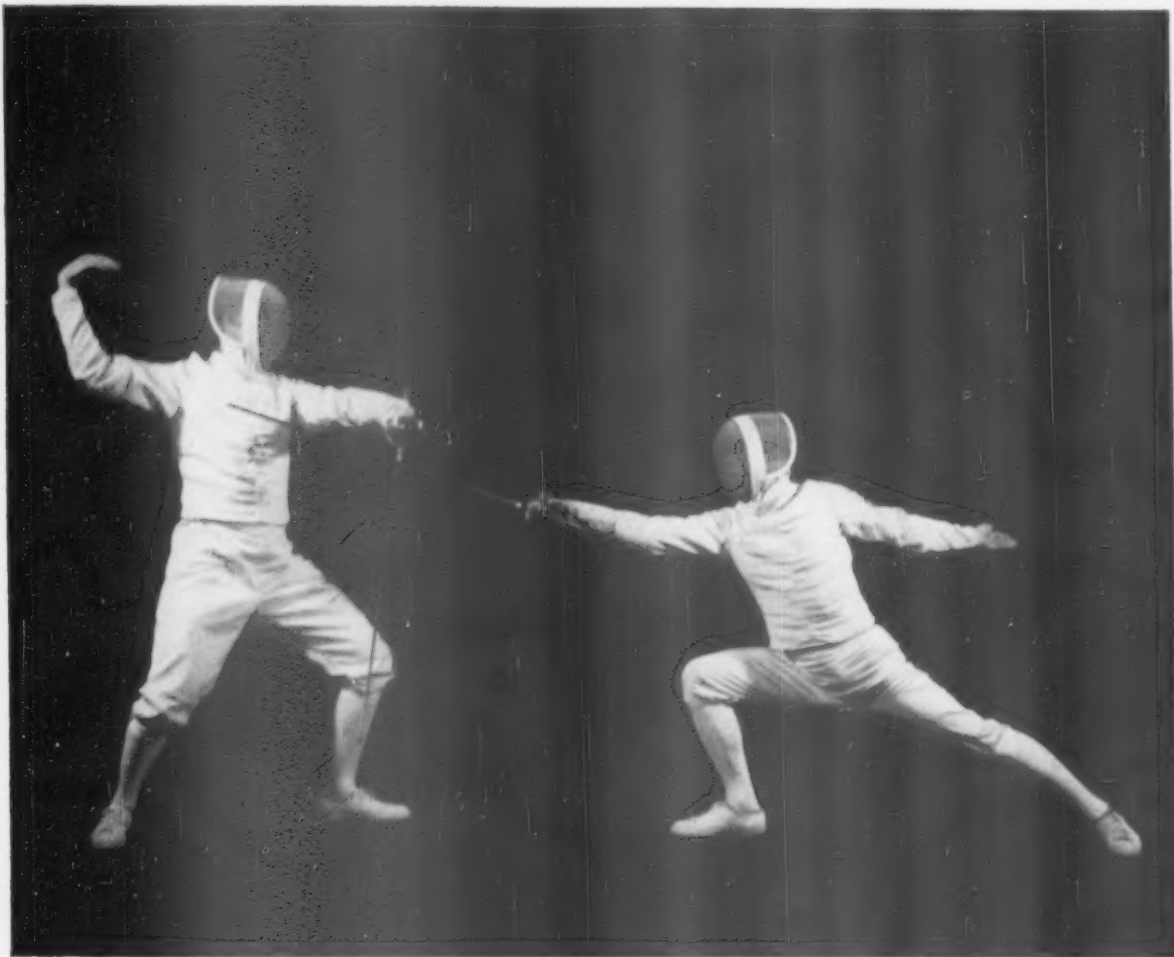
Contractors, repair services, one-man businesses find it indispensable by day or night.

Western Electric



MANUFACTURING AND SUPPLY

UNIT OF THE BELL SYSTEM



What's fencing got to do with your business?

Just this . . . fencing more than any other sport, calls for **MOTION-ECONOMY** . . . and that's exactly what today's business procedures call for—*accomplishing the most with the least waste of movement and effort*. Remington Rand pioneered this trend and today is delivering **MOTION-ECONOMY** built into the most advanced business machines of every type. For example, the four electrically-powered records-handling machines shown below.

Greater productivity results because walking and standing are eliminated. All records **FLOW** into position at the same level, directly in front of the operator who is comfortably seated. Eye and body fatigue are reduced . . . unnecessary physical labor and drudgery eliminated.

Gone are the constant stooping and bending to use lower drawers . . . the reach and stretch for the higher ones. Variable lighting, shadows and "no place to work" are things of the past. Improved employee relations follow from the better working conditions. Personnel turnover is reduced.

Why not get full particulars *now* on how these records-handling machines can be applied to your business? Simply write Room 1809, 315 Fourth Avenue, New York 10, and ask for the booklets listed.

Remington Rand

DIVISION OF SPERRY RAND CORPORATION

*Trademark

Robot-Kard®

. . . saves up to 30% on posting time . . . up to 50% on space . . . any one of 4,000 sets of visible records at the touch of a finger! Ask for KD505.



Convé-Filer®

. . . saves up to 30% on clerical cost for users of large, active card records . . . any one of 200,000 cards positioned electrically! Ask for LBV160.



Roto-Kard®

. . . most advanced drum housing . . . saves space . . . up to 6,000 record cards in less than 3.6 square feet . . . electric or manual operation! Ask for KD770.



Kard-Veyer®

. . . electrically powered . . . 16,000 to 80,000 vertically-filed cards (including punched cards) . . . saves posting and filing time! Ask for LBV-706.



Nation's Business

AUGUST 1956 VOL. 44 NO. 8

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES

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7 Management's Washington Letter

10 Letters from Businessmen

12 Progress: New Weed Killers Save Industry Millions

17 TRENDS OF NATION'S BUSINESS

17 The State of the Nation Felix Morley

19 Washington Mood Edward T. Folliard

23 Labor's Political Punch Scores Knockout

26 Study Spotlights Industrial Progress

28 12 Months of Sound Growth Ahead

32 To See Ike—See Shanley

34 What Future Executives Must Know

36 Glass Promises New Age of Progress

38 Pre-convention Look at Platforms

42 U. S. Business Can Stop New Red Threat

46 Billions In Savings Go Begging

48 Hiring Tips You Can Use

50 How's Business? Today's Outlook

70 Small Firms Find Success Formula

78 How to Get Facts You Need

96 The Wages of Political Inaction



Nation's Business is available only by subscription

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GENERAL OFFICES—U. S. Chamber Building, Washington 6, D. C. BRANCH OFFICES—New York, Chicago, San Francisco, Cleveland, Detroit.

As the official magazine of the Chamber of Commerce of the United States this publication carries notices and articles in regard to the Chamber's activities; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

Nation's Business is published monthly at 1615 H. St. N. W., Washington 6, D. C. Subscription price \$18 for three years. Printed in U.S.A. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C.

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ANNOU

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Air Express service

*** RADIO-EQUIPPED
TRUCKS**

† TELETYPE NETWORK

**More speed!
Constant shipment control!
No extra cost!**

NCING:

* In one metropolitan center alone, Air Express has reduced average pick-up and delivery time by more than half! (And it was notably efficient to start with!)

Amazingly — by introduction of new equipment and new methods — Air Express is chalking up new records for cutting "ground time" of shipments.

Radio-equipped trucks in leading markets are now in constant touch with Air Express Dispatchers. Pick-up time is cut to a minimum. Deliveries are expedited.

All this speed-up of service with Air Express is now yours — with no added charges!

† Air Express now can practically pinpoint shipments. A key-city network is linked together by private teletype service, tied in with scores of other communities in a nationwide network.

All along the route, teletype carries the vital information of all load messages — weight, number of pieces, destination, plus special information or instructions.

Thus, the greatest possible control of Air Express shipments — at no increase in cost to you!

In fact, thousands of users regularly find "Air Express costs less" than any other service!



Two-way Radio of the most modern design connects this Air Express truck with central Dispatcher — cuts "ground time" for shipments more than half — yet, costs you no more!



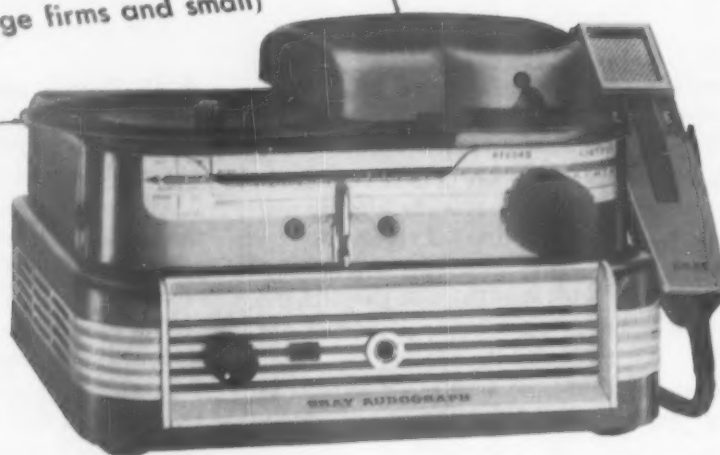
New Teletype Service enables you, the shipper, or your consignee, to "keep an eye" on Air Express shipments — trace them en route — meet them on time — and at no extra cost!

For the world's most efficient, most complete air shipping service—linking some 23,000 U. S. communities, all by one through carrier—call



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More than a dictating machine, it's the **COMPLETE OFFICE RECORDER**

This handsome new Audograph not only takes your dictation *and* plays it back for your secretary . . . it can also record your important telephone calls, conversations and group meetings.

You'll even take it with you wherever you go. It's more rugged, more *portable* than ever. There are no buttons, no levers to lock into place. Just close up the case—and you're off!

Only the new Gray Audograph V offers you a Full Control microphone — at no extra cost. It puts all dictating operations under your thumb . . . start-stop . . . corrections . . . end of letter . . . and playback.

You'll also enjoy the convenience and economy of Gray's reusable discs . . . in 20, 30 and 60 minute sizes. Mail them or file them; they're virtually unbreakable and paper-thin.

Gray's new Rent-Purchase plan covers a *full line* of new dictation equipment . . . Audograph V . . . remote control PhonAudograph . . . internal dial *telephone* dictation systems.

They're all as easy to own as to operate. You can take 3 years to buy them, or you can *rent* them for 1 to 3 years, with purchase option.

To save time . . . speed work . . . and cut costs, mail the coupon today!

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NB-8



management's WASHINGTON LETTER

►CLIMATE FOR BUSINESS in years ahead will be foreshadowed this month as political parties fashion platforms for fall elections.

Democrats open nominating convention Aug. 13 in Chicago, G.O.P. a week later in San Francisco.

Big headline news will center around presidential candidates, running mates.

But behind headlines will be other significant action that'll set tone for government's attitude toward business in coming years.

For pre-convention look at platforms--reported from Washington--see page 26.

►CONGRESSIONAL CAMPAIGN committees will focus maximum effort on 95 of 435 House seats.

Those are marginal districts, won or lost in last election by not more than 5 per cent of total vote.

Democrats now have 32 of these, G.O.P. has 63.

Politicians of both parties look to these toss-up districts to tip scale in control of House.

Democrats have total of 232 seats, G.O.P. 202.

There's 1 vacancy.

Senate margin is 49 to 47 in favor of Democrats.

With 33 Senate seats being voted on, about 15 could go either way.

Outcome will be big factor in shaping legislative programs of next Congress.

►NEXT CONGRESS WILL DEBATE many issues of interest to businessmen.

Here are some you'll hear more about:

Foreign aid: Congressional committees will take hold-everything look at aid program. Congressmen will make own evaluation of spending.

Look for disclosures in the fall.

Farm issue: This hot topic will make headlines again when program for next year comes up.

Minimum wage: There'll be new, vigorous push to extend \$1 per hour minimum to areas now exempt.

Federal school aid: Proponents will beef up their lobby, dig in for battle to reverse 84th Congress' rejection of construction aid.

States' rights: Watch for new drive to spell out congressional intent in

federal laws that conflict with state jurisdiction.

Taxes: Pressure to cut will grow as cash surplus mounts.

Antitrust: Look for new efforts to strengthen rules.

►WATCH INDUSTRIAL PRODUCTION index for economic trends that will shape fall, winter activity.

Index averages about 142 per cent of 1947-49 base period so far this year.

That's below December's 144 record.

But it's up from 139 average for '55, up from 125 in '54.

Index is expected to rise in final quarter. Look for it to reach 148.

►NEW TERMINOLOGY FORECASTS increasing complexity, grimness of international situation.

One is fourth country problem, of growing concern in Washington.

Time is coming when atomic big three--U.S., Britain, Russia--may be joined by fourth nation capable of waging nuclear war.

When that time comes, fourth country will upset present balance of power--and have capability to light the match.

Who?

Italy, Yugoslavia, Germany, Japan, Argentina are among possibilities.

Other terms you'll be hearing, and what they mean:

Irreversibility--production of weapons to point where effective inspection becomes difficult or impossible.

Hardening of the target--creation, burying or dispersion of bases or production points capable of withstanding direct nuclear hits.

Significance: If reckless nuclear power gets enough targets hardened it might gamble with an attack.

►BIG STUDY OF RETAIL WAGES will be launched this fall by Bureau of Labor Statistics.

Survey (to cost \$150,000) will cover stores in 40 different retail lines.

Look for results about first quarter next year.

Study will have bearing on any future move to extend minimum wage coverage to retailers now exempted.

Questionnaires will be mailed to many

stores, some field investigations will be made.

Note: Labor Secretary Mitchell says he thinks minimum wage coverage should at least be extended to large interstate operations.

Some retailers contend extension would wipe out narrow profit margins, drive them out of business.

►ABOUT 90 GOVERNMENT CONTRACTS for \$200 million worth of machine tools will be signed this month.

They're called trigger contracts, won't take effect unless war starts.

Agreements will be reviewed every 6 months to keep price changes and possible requirements up to date.

They're part of war mobilization plans, don't involve current buying.

Teams of industry and defense officials are now looking over machine tools owned by military.

They'll declare about 5,000 old tools owned by Air Force surplus.

Others, too, of government's 400,000 will get heave ho by year's end.

Surplus tools will be offered to other U.S. agencies, then put on market.

It's first such survey in 2 years.

►YOUR LABOR TURNOVER PROBLEMS may spring from how you use worker capabilities.

Survey indicates men 29-31 are most likely to change jobs if good offer comes their way.

That's finding of survey of 200 job-seeking alumni of Massachusetts Institute of Technology.

Most men surveyed already have jobs, but want change because employers:

Aren't working them hard enough.

Are keeping them too long at work beneath their potential.

Are failing to build enthusiasm.

Other factors: Promotion, salary.

►WHERE IS PUBLIC MONEY going?

Census Bureau will have answer when it completes Census of Governments due to get underway in few months.

Survey will be first full-scale look at finances of all state, county, local government units since 1942. More than 100,000 units will be surveyed.

Findings will show where they get

their money, how they spend it, what their assets are.

Census results will be useful to business in market planning.

Results also will show trends in purchase by government units of goods and services sold by business.

Completion target: Late 1957.

►WATCH FOR NEW DATA on amount, extent of private U.S. investment abroad.

Information will be released late in August by Commerce Department.

It will show firms, other parties now have more than \$19 billion invested outside U.S.

That's all-time high, compares to \$17.7 billion total announced year ago.

Investments cover plant, equipment, inventories, receivables, other items.

Worth noting:

U.S. investment in tension-torn Middle East is growing steadily, embraces sizable mining, petroleum, public utility interests.

U.S. is world's biggest private investor outside its own borders.

►CLAIMS OF U.S. COMPANIES and individuals against Soviet bloc countries must be filed before Sept. 30.

Countries are Hungary, Rumania, Bulgaria.

If you have claims for war damage, confiscation of property, defaulted bonds, direct them to Foreign Claims Settlement Commission, Washington.

Payment will be made from assets of the 3 countries frozen by U.S.

Total available: About \$30 million.

Hanging fire are about \$2.5 million in claims against 3 Baltic states behind Iron Curtain--Lithuania, Latvia, Estonia.

Catch here is U.S. has never recognized these Sovietized governments.

Meanwhile, new, more relaxed Red policy toward West stirs hopes in Washington for future settlement of U.S. claims against Russia.

For insight on what new Soviet policy means to business see page 42.

►COLOR FIRES NEW BUSINESS in kitchen appliances.

That's finding of Hotpoint Company survey which shows industry may be able

management's WASHINGTON LETTER

to reduce refrigerator trade-in span from 11 years to 7--or lower.

Furthermore, about half the people who buy colored appliances are candidates for kitchen remodeling job.

Besides additional appliances, customers buy new cabinets, sinks, counter tops.

Many remodel completely.

Color preferences in order:

Yellow, pink, green, brown, blue.

Other findings:

People don't buy new refrigerator because old one is worn out; 28 per cent of those replaced are less than 5 years old.

What do customers do with old refrigerators?

Almost 40 per cent keep them, many use them as second refrigerator in home.

►VALUE OF BRAINSTORMING is illustrated by new twist in search for engineers.

Firm in electronics manufacturing spent \$9,000 on advertising for 12 badly needed engineers.

No results.

Then company had brainstorming session with junior, senior executives, got 44 blue-sky suggestions.

One was proposal to insert--instead of regular ad--tear-out job application in national trade, technical magazines.

Results: Astonishing.

Magazine ad got 114 application returns first month, 264 second.

Firm filled 12 critical job needs with top men.

►POLITICIANS WILL TALK about farm income squeeze.

Here's background for you to follow debate as issue unfolds:

Current \$32.5 billion gross farm income compares to average of \$35.3 billion for past 5 years.

Current \$22.2 billion farm production expenses compare to average of \$22.3 billion for same 5 years.

Net farm income rose to peak in '48, declined, rose again to near peak in '51, then continued downward slide.

Meanwhile, average factory worker's pay is up from \$1.35 an hour in '48 to \$1.96 today.

Construction workers made \$1.85 in '48, now get \$2.74 an hour.

So more farmers are switching to off-farm jobs to supplement income.

Study shows 45 per cent have off-farm income, compared to 31 per cent in 1939.

►IS MAJOR TURN IN FARM price cycle taking place?

Coming months will tell.

For first time in 4 years prices are higher than year ago.

That's substantial climb from 9-year low reached last December.

USDA all-crops index shows half-year climb was almost 16 per cent.

For livestock, rise is 6 per cent.

Outlook is for farm prices to improve in half-year ahead.

But that's question mark.

Estimate now is this:

Total farm production this year will be down from last year.

Costs will be a little higher, so will prices over-all.

So Washington expects year's farm income to hold about even with past year, possibly a little higher.

►TEACHERS PLAN BIGGEST education lobby ever seen in U.S. Its goal:

To pressure Congress into passing federal school aid at earliest moment.

National Education Association's program calls for:

Enrolling 1 million members, up from 660,000 now.

Adding more than \$3 million to current \$3.8 million annual budget.

Strategy calls for gaining federal aid allies at all levels--federal, state, local.

►BRIEFS: Gross national product probably will reach annual rate of \$410 to \$415 billion by year's end. That's measure of all goods, services produced in U.S. . . . Outlook for year's average now is that it'll pass last year's \$390.9 billion by about \$15 billion. . . . Look for more long-term labor contracts. National Industrial Conference Board survey shows trend is continuing: 56 per cent of past year's agreements will run longer than year, compares to 46.4 per cent in '50 and 24.6 in '48. . . . You can expect new record for government income during coming year--probably \$69.6 billion.

Don't trade permanence for price

Build for keeps —for less— with Butler



You needn't sacrifice building permanence for low cost. Butler metal buildings combine proved engineering and construction principles with mass production. The result is lifetime durability at prices surprisingly low in terms of quality.

To begin with, Butler buildings are all metal—the acknowledged superior building material of the mid-twentieth century. But it is what Butler does with metal that puts it in a class by itself—that makes it more than just another metal building. Take two Butler features, for example.

The Butler rigid frame. Each frame member is of tapered design for greatest strength per pound of steel. This provides greater capacity to withstand stresses from high winds, snow loads, cranes.

Butler die forming. Every Butler panel is die formed for added strength. Each coincides perfectly with its mates, without makeshift tin-smithing, providing the weather-tightness of a one-piece shell.

The list of Butler advantages . . . the remarkable things Butler does with metal . . . the reasons for Butler's moderate prices . . . comprise a 12-page catalog—or a 30-minute film. Your Butler Builder will be glad to show you both. Won't you call him? He's listed under "Buildings" in the yellow pages of your phone book.



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Burlington, Ont., Can.

Letters from businessmen

Rx

We think the editorial content of NATION'S BUSINESS is just what the doctor ordered for our management staff. In fact, Mr. Clifton, our president, has instructed me to enter subscriptions for nine of our people.

WILLIS MOZLEY,
Personnel Manager,
American Art Metals Company
Atlanta, Ga.

Special interest

You have done a splendid job with your articles of special interest to business people, such as "How to Delegate Responsibility," "You Can Grow Your Own Executives," "How to Make a Business Decision," etc. Your fine staff of writers is to be complimented. As a public service we have secured reprints of several of these articles which we have forwarded to a large number of our clients. Judging from the calls and letters of thanks we have received they have found them most interesting and helpful. Please keep up the good work.

EARL A. SMITH, President,
Western States Bureau of
Investigation
Los Angeles, Calif.

It's a big one

The one-page story—"Insurance Growth Points to Trillion Dollar Industry"—in the June issue is well done and I just wanted to write and tell you that articles of this nature do help point up the vastness of the life insurance industry. Recent figures point up that we are paying benefits in one form or another totaling \$5 billion a year. Part of this figure is somewhere near \$700 million being paid on the installment basis to widows and policyholders who have reached an age where the insurance starts to pay benefits to them personally.

MELVILLE P. DICKENSON,
Senior Vice President
The Equitable Life
Assurance Society
New York, N. Y.

No trouble

You are to be congratulated if all of your articles are as carefully documented as Charles G. Francis' "Insurance Growth Points to Trillion Dollar Industry," in the June issue. Mr. Francis went to a great deal of trouble to get up-to-date figures from the Institute of Life Insurance

and the Life Insurance Agency Management Association.

JAMES A. BALLEW, Editor
Manager's Magazine &
District Management
Hartford, Conn.

Problem plus solution

I would like to commend you and the author, Robinson Newcomb, for the article in your June issue "Inventories: Major Boom Or Bust Factor." The contribution of inventory fluctuations to the problem of economic instability has for a number of years been recognized as a serious one. Mr. Newcomb's article is interesting in that it suggests a number of concrete actions which business firms can take for their own self-interest and at the same time contribute to smooth functioning of the economy. My colleagues and I at Carnegie Tech have been doing research on improved methods for inventory control.

CHARLES C. HOLT
Project Administrator
Carnegie Institute of Technology
Pittsburgh, Pa.

Not THAT big

I am deeply interested in anything which will bring home to the consciousness of our citizens the appalling heights to which taxes have risen. It is only through dramatic and repeated revelation that any hope of relief can come. The statement was made in the July issue of NATION'S BUSINESS that the federal taxes amount to \$344,000,000 per 1 hour, 28 minutes. If this is true, the total for a year would be \$2,008,960,000,000. I'd appreciate your straightening me out on this point at your convenience.

J. I. HAMILTON
Graphic Press, Inc.,
Los Angeles, Calif.

► Management Letter said federal receipts in 1913 totaled \$344 million, of which \$35 million was income tax. At today's rate—and on a 40 hour week—Internal Revenue Service would collect \$35 million in an hour and 28 minutes.

High standard

We are enclosing our check for \$4.50 for 100 copies of "How to Make Facts Stand Out" [June issue]. We want to take this opportunity to commend you on the fine articles appearing in NATION'S BUSINESS each month, and for maintaining such a high standard. We are

looking forward to receiving the reprints of the above article as we have many friends and business associates who desire copies for themselves.

LEON P. SHEPARD
Shepard's
Richmond, Maine

For looking ahead

Enclosed, we are sending you our check for \$7.50 and would appreciate your sending us 100 copies of "Measure Your Firm's Future," which appeared in your June issue. We would like to distribute these reprints to our supervisors here at the mill as well as other people in town.

F. M. LYON, *President,*
Opp Cotton Mills,
Opp, Ala.

► 408 other requests for reprints totaling 7,371.

On responsibility

Will appreciate your sending me 20 copies of reprint from NATION'S BUSINESS entitled "How To Delegate Responsibility."

FRED M. FARWELL, *President,*
Underwood Corporation
New York City, N. Y.

I have received and reviewed a copy of "How to Delegate Responsibility." It is felt that this will be of great value to the personnel of our plant. Please send 100 copies to the plant manager, J. A. Babcock.

C. W. DIERCKS,
Purchasing Agent
Westinghouse Electric
Corporation
Raleigh, N. C.

► 1,187 other requests for reprints totaling 25,865.

On decision-making

Please send us 20 reprints of "How to Make a Decision." We find your magazine does a fine presentation on matters of current and overall importance to management.

JAMES S. LUNN, *President,*
Lunn Laminates, Inc.
Huntington Station, N. Y.

Enclosed is our check for \$2.50 to cover the cost of 50 copies of the excellent article entitled "How to Make a Business Decision."

MARLAN E. BOURNS, *President,*
Bourns Laboratories,
Riverside, Calif.

► 1,305 other requests for reprints totaling 32,287.

Came in handy

Enclosed is 15 cents for two copies of "How to Make Facts Stand Out" [June issue]. I think the article is most interesting and very timely in our case because we are in the midst of developing chart presentations of our operations.

L. J. ZURLIS
Plant Controller
Johnson & Johnson
Dallas, Tex.

Proud of your trademark?



Zippos
will
carry it
everywhere

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sage will flash before them, just as surely as the Zippo sparks into flame.

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Among leaders in the dairy and ice cream industry, dependable Thermo King refrigerated truck units are specified.



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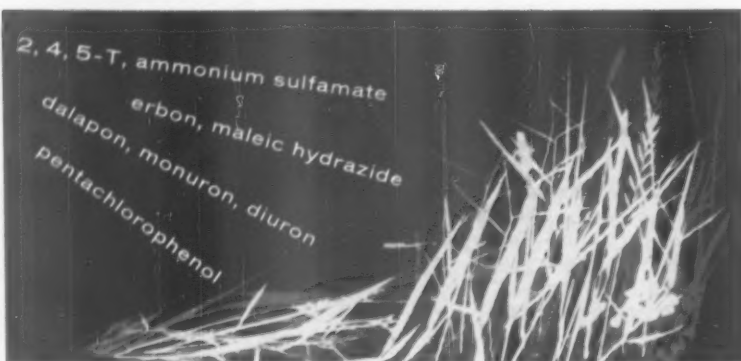
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THE AMERICAN TRUCKING INDUSTRY, WASHINGTON, D. C.

PROGRESS:

2, 4, 5-T, ammonium sulfamate
erbon, maleic hydrazide
dalapon, monuron, diuron
pentachlorophenol



New weed killers save industry millions

NEW CHEMICALS, and new combinations of old chemicals, will save U. S. industry many millions of dollars this year in fighting one of mankind's oldest enemies—weeds.

Weeds are not just a problem primarily of farmers, gardeners and home-owners. Unwanted vegetation is a costly nuisance for industry, too. Government experts figure that plant pests cost railroads, utilities, oil companies, lumber yards and other industrial firms upwards of \$1 billion annually.

Men discovered centuries ago that, if you sprinkle enough salt on a plot of ground, nothing will grow there. And for at least the past 50 years there has been some industrial use of chemicals, such as sodium chlorate, borax, arsenic compounds and petroleum oils, to eradicate vegetation. But these chemicals all had disadvantages. Chlorate presented a fire hazard, borax had to be applied in large quantities, and its sterilizing effect was short-lived; the arsenic compounds were poisonous to humans and animals; the oils were messy, killed only the tops.

The acute manpower shortages of World War II intensified the de-

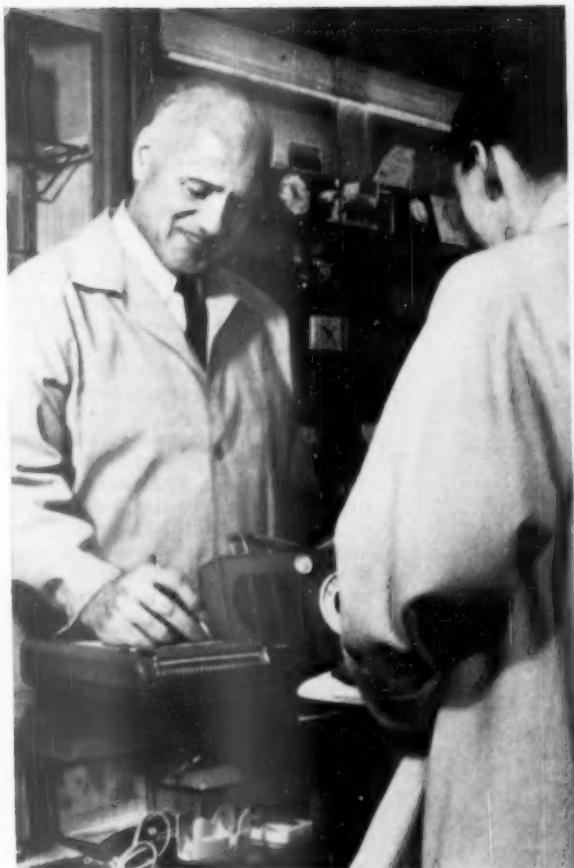
mand for more efficient chemical section hands, and wartime research produced the first of the truly modern herbicides—the hormone compound 2,4-Dichlorophenoxyacetic acid, more familiarly known as 2,4-D. This selective weed killer was not perfect but it was effective, easy to apply, nontoxic, nonflammable, and it found a tremendous postwar market. Its continuing commercial success (34 million pounds were marketed last year) encouraged the chemical industry to invest heavily in herbicide research.

This research is now paying dividends in the form of a steady flow of remarkable new products such as 2,4,5-T, ammonium sulfamate, dalapon, monuron, diuron, erbon, maleic hydrazide, pentachlorophenol and a host of others.

Altogether, according to the National Agricultural Chemicals Association, more than 100 herbicides are now on the market, and 62 companies are producing them.

Some of these new chemicals are tailored to do specific jobs: for example, 2,4,5-T and ammonium sulfamate are deadly against high-growing, woody brush which threatens

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to engulf a telephone or power line; maleic hydrazide stunts the growth of grass and is used to reduce the frequency of mowing along highways; dalapon kills grasses outright, and is effective in clearing drainage ditches and marshlands. Others, like monuron, diuron, and erbon, are broad-spectrum soil sterilants, used to eliminate all vegetation in areas such as those around power substations and tank farms, where completely bare ground is desired.

Although the new herbicides are generally safer, longer-lasting and more efficient than their forerunners, the older chemicals still have the advantage of being considerably cheaper, pound for pound. Moreover, industrial users have learned that some of the drawbacks of the old chemicals can be overcome by using them in combination with the newer products. As a result, sales of such chemicals as borax and sodium chlorate have climbed in the past three years.

Farmers, who spent \$50 million for herbicides last year, are by far the largest users. The railroads are next. According to the Association of American Railroads, more than 100,000 miles of right-of-way, approximately half of the total, will be sprayed with chemicals this year. At an average cost of \$50 a mile—a conservative figure—that represents an outlay of some \$5 million. Close behind the railroads are the utilities, particularly telephone and power companies which must guard thousands of miles of overland lines from the encroachment of underbrush and scrub tree growth. Highway departments, which use about 80 million pounds of herbicides a year to spray shoulders, embankments and bridge approaches, probably rank next.

Comparative cost figures compiled by some of these major users show why more and more company managements are switching from mechanical cutting to chemical control of vegetation wherever large areas are involved.

A utility in New York, Rockland Light and Power Co., reports that chemical spraying of its right-of-way, begun in 1948, has resulted in a 58 per cent saving over the cost of hand-cutting. The Shell Pipeline Corporation found that hand-cutting of brush along a telephone line in Oklahoma cost \$650 a mile over a five year period. Chemical control cost an estimated \$130 per mile, a saving of 80 per cent. The Kansas City division of American Telephone & Telegraph Co. kept a cost chart on one tract of 112 acres over a period of eight years, and discovered that spraying cost \$6,932

compared to estimated cutting costs of \$19,488. On another 36-acre tract, the chemical cost was \$4,774 compared to \$6,608 for hand-cutting.

To realize such savings, industrial users emphasize, a company must put chemical weed control on a carefully planned, long-term basis. If costs for hand-cutting are compared to chemical treatment on a one-year basis, the chemical costs may actually be higher. The savings come after the first year, when spraying costs tend to drop sharply because the residual effect of the chemicals has reduced the size of the job.

It is also important, from a cost standpoint, to pick the right chemical, or combination of chemicals, for the job. Each of the new herbicides has its special advantages—and limitations.

For example, 2,4-D will kill broad-leaved weeds and many woody plants without materially affecting grasses. Thus, it is a good choice for areas where you want to leave some ground cover to prevent erosion. But it is highly volatile and spray drift may severely damage adjacent crops or shrubbery. This can, and does, lead to lawsuits. Its chemical cousin, 2,4,5-T, which is used to knock out heavier brush and sapling trees, suffers from the same liability. Ammonium sulfamate, a brush-killer marketed by Du Pont under the trade name Ammate, is somewhat more expensive than the widely used hormone sprays, but is not volatile and is safer to use around crop lands.

Dalapon, developed by Dow in 1952, is one of the comparatively few chemicals that are effective against grasses (botanically, many industrially troublesome plants, such as phragmites and cattails, are grasses). But its longevity leaves something to be desired; the grass is likely to grow back in a few months.

Some of the newest herbicides, including Dow's erbon (marketed under the trade name Baron) and Du Pont's monuron and diuron (offered to industry as Telvar) promise much longer control. Both types, according to the manufacturers, will keep a properly treated area virtually nude of plant life for at least one full growing season, perhaps two or more under favorable conditions. Erbon, a combination of the molecules of 2,4,5-T and dalapon, was first marketed last year. It can be used to kill existing vegetation as well as to sterilize the soil against future growth. Telvar, a product which has been available since 1952, is slow-acting against standing vegetation, and is sometimes combined with other chemicals, such as pentachlorophenol, when a quick top kill is desired.—LOUIS CASSELLS

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portant—it's no wonder that modern traffic managers for the most part are making sure that new or remodeled plants are planned to profit by truck transportation.

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Trends

of Nation's Business



THE STATE OF THE NATION BY FELIX MORLEY

Party conventions: only contests that someone not even entered may win

"A PRESIDENTIAL election in America," wrote Viscount Bryce while British Ambassador in Washington, "is something to which Europe can show nothing similar."

The clumsy wording, most unusual for a highly-educated English diplomat, may charitably be attributed to the noble lord's amazement over the political customs of the Americans. And of all the curiosities it was the nominating conventions, coming up again this month, that most intrigued Lord Bryce. As he observed, in his classic study of "The American Commonwealth:"

"A European is astonished to see 900 men prepare to transact the two most difficult pieces of business an assembly can undertake, the solemn consideration of their principles, and the selection of the person they wish to place at the head of the nation, in the sight and hearing of 12,000 other men and women. Observation of what follows does not lessen the astonishment."

• • •

Since Lord Bryce described the nominating conventions, as they operated 60 years ago, the number of delegates attending has increased from 900 to more than 1,200. Moreover, the chairmen of both parties would consider it a dismal flop if they could not this August count on at least twice 12,000 spectators in the galleries for every session at Chicago and San Francisco. But this increase in size, and consequent pandemonium, serves only to emphasize the still unique feature of this dis-

tinctively American political practice. Other countries have party government. But none has anything comparable with presidential conventions in the United States.

Although so uniquely American, many of us know little about the origin of the conventions. They are, of course, party and not governmental activities. Therefore they could not develop until political parties had taken firm root in American soil. Indeed it was not until shortly before the eleventh Presidential election, in 1828, that the first rudimentary nominating conventions were held. And it was 1840 before these were organized on a national instead of a merely state-wide basis.

Before 1828, the nomination had been by Congressional caucus, the members of both Houses meeting together to name the one or more men whom they deemed best fitted for the Presidency. In 1824 this system broke down, and the immediate reason was the issue of a candidate's health.

There were five avowed candidates for the Presidency in 1824, all calling themselves Republicans since there was at that time no other organized party. The names of four of these are still well-remembered: John Quincy Adams, John C. Calhoun, Henry Clay and Andrew Jackson.

The fifth candidate was William H. Crawford, of Georgia, Secretary of the Treasury under President Monroe. Although there is no question of Mr. Crawford's great ability, he is today a forgotten man in American political history, largely because nobody has ever written his biography adequately. Nevertheless, Mr. Crawford was con-

State of the nation

temporarily more strongly favored for the Presidency than any of his famous competitors.

But late in 1823, as the lines for the various candidates were forming, poor Crawford was stricken with paralysis, so severely that he could no longer appear in public. Those who supported his rivals thereupon joined forces to cut him down. When Mr. Crawford's loyal friends in Congress called the nominating caucus, only 66 of the then total of 261 members attended. Daniel Webster, at the time a representative from Massachusetts, wrote shrewdly: "The caucus has hurt nobody but its friends. . . . Mr. Adams and General Jackson are likely to be the real contenders at last." And so, of course, they were.

Because neither Adams nor Jackson received a majority of the electoral vote, the election of 1824 was finally decided by the House of Representatives, for the second and as yet the last time in our history. And resentment over the eventual triumph of John Quincy Adams, who had trailed Jackson in both the electoral and popular vote—so far as then tabulated—was a further incentive to create a more democratic system of presidential nomination. From the feeling that the people should have more to say in the matter grew, first, the state conventions which laid the basis of our present primary elections; and then, in 1840, the first national conventions of the newly organized Democratic and Whig parties.

As noted by Viscount Bryce, in the passage quoted, every nominating convention has two distinct functions. In addition to selecting the presidential and vice-presidential candidates of the party, it also prepares and adopts the platform on which these candidates take their stand. Other free nations have various ways of enforcing party loyalty, but nowhere else does a party as a whole lay down stated principles to which its standard-bearer must pledge allegiance.

This practice also dates back to the democratic upsurge of the Jackson era, and the consequent revolt against the congressional caucus system of nomination. The latter tended to make the President the creature of the majority in Congress. When the method of nomination by party delegates was devised, it was felt that they should have control over the candidate chosen. Thus arose the custom of writing a declaration of principles first, and then selecting the man best fitted to put those principles into effect.

Before the Civil War the preparation of the party platform was a matter of major importance. At the Charleston convention, of 1860, the Democratic Party broke in two because of inability to

agree on fundamental principles. Traces of this cleavage still remain. There was a Dixiecrat secession by the delegations of four southern states at the Democratic convention in Philadelphia, in 1948. There is certainly more than a theoretical possibility that this bolt might be repeated in Chicago this month.

But the likelihood is less because party platforms have been rendered innocuous by the simple device of making them largely meaningless. The idea, on both sides, is to be specific in attributing every possible misdeed to the opposition, while remaining indefinite but pleasantly reassuring about one's own intended course of action.

The selection of the candidate and his running mate has therefore become by far the more important of the two functions of a party convention. Often the result, for both parties, is predictable in advance. But the outcome can never be wholly certain because no device has been found by which any accredited delegate can be compelled to cast his vote for any particular candidate.

Party discipline generally insures a predictable state vote, as a unit. But this is by no means always the case. From the incontestable right of every delegate to vote as he pleases springs much of the electric drama of the conventions, including the perennial possibility of a dark-horse victory.

In the Republican convention of 1880 the eventual winner, and later President—James A. Garfield—did not receive a single vote on the first ballot. Indeed, until the thirty-fourth ballot he never had more than two votes and yet was nominated, on the thirty-sixth roll call of the states.

Similarly, in 1868, nobody at the Democratic convention had given any advance consideration to Horatio Seymour as a candidate. Precisely because he was not so considered Mr. Seymour was made permanent chairman of the convention. Yet, after a deadlock lasting for 21 ballots, Mr. Seymour was nominated from the floor, was reluctantly pressured to relinquish his position as presiding officer, and was thereupon chosen by acclamation.

Since the Democratic Party dropped its two-thirds rule, to permit nomination by a simple majority, protracted balloting has been rare. The enormous cost of a modern convention, both to the party war chest and to the many delegates who pay all their own expenses, severely discourages a gathering of more than four, or at most five, days' duration. But there have been many deadlocked contests, stretching out to 30, 40 and even to the record number of 103 ballots—at the Democratic convention of 1924—and this could always repeat.

In the great race on the convention floor somebody who is not even competing can quite conceivably win. No other form of sporting contest can claim as much.

Trends

of Nation's Business



WASHINGTON MOOD

BY EDWARD T. FOLLIARD

Boredom of convalescence persuaded Ike to run again for the Presidency

A SURPRISINGLY large number of Americans seem to believe the story that President Eisenhower is being sacrificed by the Republican Party—that he has allowed slick and callous men to talk him into running for a second term, when he really wants to settle down in retirement at Gettysburg.

The fact is, President Eisenhower likes his job in the White House, and, health permitting, wants to hold on to it for another four years.

He had a chance to try out the so-called delights of retirement at Gettysburg while he was convalescing from his heart attack in November and December. He didn't like the experience; indeed, as his newest biographer says, he found it a torment. He wasn't ready for retirement after his heart attack, nor is he now, after his operation for an intestinal obstruction.

Nevertheless, the story persists that Republican professionals have twice seduced him into the political arena. Listen, for example, to Stephen A. Mitchell, former chairman of the Democratic National Committee, as he addresses a rally in Denver on June 16 and goes after what he calls "a select inner circle of Republican politicians, businessmen and advertising agents."

"They are determined to make the President do their bidding," Mr. Mitchell says, "and [carry] the Republican Party load regardless of what it costs him."

"They know that they have little or no chance of winning the November election without the President as a candidate. They have, therefore, determined to go to any length to make him run for re-election. . . . It means nothing to these men that another man and his family might be sacrificed to their political purposes."

Steve Mitchell did not identify the people who had this strange power over the Chief Executive. He didn't because he couldn't. There are no such men.

It would take a brash individual, indeed, to tell a soldier-statesman like General Eisenhower where his duty lies, especially after a heart attack. Anybody who has ever called on a President of the United States knows that there is an aura, a splendor, about the office that knocks the presumptuousness out of the most forward of men. Not only that, but brash and insensitive people rarely get in to see a President.

Leonard Hall, chairman of the Republican National Committee, says that he never broached the question of a second term to the President after his heart attack, and there is good reason to believe him.

The White House staff members say they wouldn't have dared bring up the subject of politics unless the President first brought it up himself. Anyone who knows how they feel about the "Boss" would find that easy to believe, too.

• • •

It is now a matter of record, of course, that when President Eisenhower called some of his intimate advisers to the White House on the night of Jan. 13, and asked their advice, most of them urged him to run again. But they didn't, as alleged, make him run; the decision to seek re-election was entirely his own, and pressure had little or nothing to do with it.

The story about sacrificing the President is therefore a complete fallacy.

Undoubtedly the story that the President wants to retire has a certain plausibility, especially for those who find it hard to understand why a man of 65, whose place in history and in the hearts of

Washington mood

his countrymen is secure, would want to stay in such a job as the Presidency after a coronary thrombosis and an abdominal operation.

Sometimes, I suspect, President Eisenhower also must be surprised to find himself heading into a second political campaign. Like many another professional soldier, he used to look ahead to the time when he could throw off all responsibility and take it easy in retirement.

I remember a day eight years ago—it was in February, 1948—and the National Press Club was giving what it thought was a farewell luncheon for General Eisenhower. He was at last leaving the Pentagon, having finished his tour as Chief of Staff of the Army. He charmed his luncheon audience by describing what he called the "ideal retirement."

It was, he said, "to put a chair out on the porch, to sit in it for six months, and then to start rocking—slowly."

It seemed a natural desire for a soldier-statesman who had gone through so much, contributed so much, and was so deserving of a rest.

• • •

But there was to be no rest for Dwight D. Eisenhower. The years ahead saw him as president of Columbia University, supreme commander of NATO in Paris, and then, after a boom that would not die down, a successful candidate for the presidency.

Some of the newspapermen who cover the White House got the impression along about 1954 that President Eisenhower had pretty much made up his mind to retire after a single term. It turns out that they were right.

Robert J. Donovan in "Eisenhower—The Inside Story," an excellent book written with White House help, has this to say on Page 396:

"From the time he entered the White House, Eisenhower's deep desire was to be a one-term President. In the years that followed he expressed this wish many times in private, and those who know him most intimately are convinced that he meant it. Nevertheless, this desire for a single term was not so tightly sealed that cross-currents could not flow through it. One such current, and a strong one, was flowing when the President went to Denver in August, 1955, soon after the Big Four meeting."

Author Donovan says that the President, in leaving Geneva, felt that he had "got through" to the Russian leaders—Khrushchev, Bulganin and Zhukov—and that there would be times when the contact would be important for world peace.

"Such considerations," Mr. Donovan continues, "served as a counterweight to his desire to leave

office on Jan. 20, 1957, but not yet a decisive one. He was still grappling with the problem before his heart attack."

After the heart attack on Sept. 24, according to the Donovan book, "Eisenhower took it for granted that his illness barred a second term. Mrs. Eisenhower was dead set against it."

The whole situation changed in December, when the President was convalescing at his Gettysburg farm.

His friends passed the word that he was bored stiff, that he was restless, and that he was eager to get back to his desk in the White House. They were willing to bet that he would run again, provided his doctors told him he could do the job.

This talk became so widespread that a reporter asked the President about it at a news conference in January. Was it true that he had been bored at Gettysburg?

The President scoffed and said he had "a thousand things to do in this world."

However, Mr. Donovan confirms the story, saying: "For Eisenhower Gettysburg came close to being five weeks of torment."

"His morale slumped," Mr. Donovan continues. "His spirits were low. He fretted over government affairs. . . . He was tense and nervous and stalked about the house with a golf club for a cane."

Meantime, of course, the Republicans had taken heart, and there was growing clamor for the President to throw his hat in the ring for a second term.

"Eisenhower," writes Mr. Donovan, "did not feel that he owed the leaders of the Republican Party any obligation to run again, and he followed his own thoughts."

• • •

In the end, according to Mr. Donovan, the heart attack was taking on the character of "merely an intervening incident" so far as the President's decision about the '56 race was concerned.

Mr. Donovan goes on to explain that certain consequences of the illness canceled each other out. On the one hand the President knew that he was more likely to have a second heart attack than a man who had not been stricken. On the other, he knew that there was the danger that retirement would bring him frustration that would be a greater strain on his heart than the burdens of the Presidency.

"Mrs. Eisenhower," according to Mr. Donovan, "did not try to influence his decision one way or another. Some of those best acquainted with the family believe that in the gloomy November and December days at Gettysburg she had come to the conclusion that her husband was not ready for retirement."

To sum up, nobody had to twist the President's arm to get him to declare for another four-year term.

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Labor's political punch scores knockout

Repeal of Louisiana's right-to-work law will have wide impact as unions use new strategy in other states

THE MERGED AFL-CIO's growing power and sharpening shrewdness in practical politics has just paid off in Louisiana. The state's two-year-old right-to-work law has been repealed effective Aug. 1.

Impact of this political coup in the Deep South will be felt far beyond the borders of the Pelican State. It is bound to have repercussions:

► In many of the remaining 17 states with laws banning compulsory union membership. In these, labor will press to duplicate the Louisiana victory. An early test is due in Nevada. That state will vote on a repeal referendum in November. Attacks on right-to-work laws are anticipated in the legislatures of 10 other states, according to the National Right to Work Committee.

► In some 15 other states where concerted efforts are being made to pass right-to-work laws and in still others where the issue may come up. Petitions with 62,000 signatures have been filed to obtain a referendum on right-to-work legislation in Washington in November. A similar move failed in Montana last month because of insufficient signatures.

► In Congress, where labor next session will make a more determined fight for repeal of Section 14(b) of the Taft-Hartley law if it succeeds in electing more friends to Congress this fall. This one-sentence section of Taft-Hartley is crucial in the right-to-work issue because it gives sanction to state laws forbidding compulsory unionism, although the federal law itself otherwise permits it.

In fighting for repeal of Section 14(b), labor strategists see a quick way to nullify in one sweep the impact of all 17 state right-to-work laws with respect to businesses in interstate commerce. Until then, it will keep attacking individual state laws, which the Supreme Court has upheld as valid except for railroad and airline employees covered by the Railway Labor Act.

Labor is encouraged by Secretary of Labor James P. Mitchell's public denunciation of state right-to-work laws, although the Eisenhower Cabinet member has not advocated repeal of the Taft-Hartley section sanctioning them. On this issue, President Eisenhower says, Secretary Mitchell is speaking for himself, not the Administration.

What happened in Louisiana is being studied closely across the country by labor, business and political leaders and others who, though not immediately concerned with the right-to-work issue, may be affected by future developments.

To get the story of what happened, how it happened, why it happened, and the significance of what happened, a NATION'S BUSINESS editor went to Louisiana to get the answers directly from the union officials, the businessmen and the legislative leaders involved in the hot and close fight. This is his report:

Four major factors led to repeal of the right-to-work law by the Louisiana Legislature on June 14:

1. Labor's political drive. From organization to execution, the labor groups were united and worked hard, long and effectively to get out the vote for the legislators they wanted elected and against those they wanted defeated. Six of the seven state senators who sponsored the right-to-work bill in 1954 and two key legislators who pushed it through the House were defeated for re-election.

2. Labor's double-barreled strategy. It consisted of, 1, concentrating on electing favorable legislative candidates, thus avoiding an internal split over the governorship race; 2, after the legislature convened, undermining resistance to repeal from farm-district legislators by promising to retain right-to-work protection for farm workers.

3. A friendly state administration. Newly elected Gov. Earl Long, while ostensibly neutral on right-to-work, had promised to sign repeal legislation if passed

**LABOR'S
POLITICAL
PUNCH** *continued*

**WHAT IS A
RIGHT-TO-WORK
LAW?**

A right-to-work law:

DOES guarantee a worker the right to work without being forced to join a union.

DOES NOT interfere with the right to form or to join a union, to bargain collectively, or to strike.

and is reported to have influenced some legislators to vote for repeal who otherwise would not have done so.

4. Right-to-work complacency. Too many of those opposed to repeal "didn't think it could happen." Business ranks did not hold together tightly or work as hard as labor. The issue was confused on the right-to-work side by support of some for Governor Long, by fear of alienating anti-right-to-work legislators who were supporting business on tax and other legislation, and by labor's "divide and conquer" appeal to farm operators.

The Louisiana Legislature passed a right-to-work law in 1954 after bitter and sometimes violent strikes affecting paper production, salt mining, sugar cane harvesting and rice milling. Gov. Robert F. Kennon supported passage.

Under the law, any labor-management agreement requiring a worker to join or not to join a union to keep his job was illegal. Any lockout, picketing or strike in support of such an objective was also illegal and subject to court injunction.

Leading force behind enactment of the law was the Louisiana Right-to-Work Council, organized for that purpose by business, industry and farm groups. Malcolm Dougherty, president of the Louisiana Farm Bureau Federation, was chairman. The organization was later renamed Louisiana Free Enterprise Association, with Mr. Dougherty as director, and has since enlarged its interest to include other legislation involving the free enterprise principle.

Labor groups mobilized their forces into United Labor Organizations of Louisiana to fight the right-to-work bill. They enlisted support from leading clergymen, who testified against the bill, and resorted to wild demonstrations and pressure tactics in a losing battle.

The fight for repeal began almost simultaneously with the enactment of the law. The vote was close: 21-14 in the Senate, where 20 votes are needed for passage; 56-44 in the House, where 51 votes are needed.

Key labor figures in the repeal fight were E. H. (Lije) Williams, president of the Louisiana AFL for more than 20 years and now regional director of AFL-CIO; B. Raynal (Shorty) Ariatti, head of Labor's League for Political Education in New Orleans, and Victor Bussie of Shreveport, experienced lobbyist for the Firefighters Union and president of the new AFL-CIO Louisiana State Labor Council.

The AFL and CIO in Louisiana were among the first state organizations to unite after the merger of national AFL and CIO last December. Governor-elect Long, Sen. Russell B. Long and prominent state legislators hailed the merger at ceremonies last April, shortly before the legislative session opened on May 1.

The governor-elect assured that "labor will have a friend in the governor's office." Senator Long criticized right-to-work laws, and several state legislators promised repeal of the controversial statute. One of them was State Sen. B. B. Rayburn, a union member and pipe fitter by trade, who introduced the repeal bill and the companion bill to retain right-to-work protection for farm workers.

Obviously labor had done its job well long before the 1956 legislature convened. Victory over right-to-work was being hailed in the labor press back in February after the decisive run-off primaries for the legislature. First primaries were in January.

The Louisiana Legislative Committee, composed of the executive boards of the state AFL and CIO and representatives of railroad and other unaffiliated unions, spearheaded the statewide task of getting new men in the legislature who would repeal the right-to-work law.

The leaders, under Mr. Williams, who is chairman of the committee, approached it as a practical political job of electing friends and defeating enemies.

One of the first steps was organization. Among the members of the Legislative Committee were representatives from all over the state. With their aid, and in cooperation with LLPE, CIO Political Action Committee and the Machinists Non-Partisan Political League, local organizations were set up in cities and parishes (counties) where labor had members or friends.

In the beginning the local organizations concentrated on qualifying and registering union members and their friends as voters.

Later they conducted political clinics in every section of the state, training members and wives in practical political work and discussed not only the big issue, right-to-work, but also other issues that affect workers, such as taxes, unemployment compensation and workmen's compensation.

"We wanted to show that we were not just against something, like right-to-work, but that we were also for things that the public would accept," Mr. Williams said in an interview.

Most of labor's political effort was devoted to city and industrial areas where the percentage of union members was higher and where it could be more influential.

In New Orleans, Mr. Ariatti, business manager of glaziers' local as well as head of the local LLPE, did a professional political action job. He kept wall charts showing a breakdown of registrants and voters in every ward and precinct in the city and listing the political activities taking place in every section. He utilized sound trucks, organized motorcades and door-to-door canvassing.

In many parts of the state precinct organizations ran campaigns, organized women's committees to make phone contacts and call on their neighbors and friends. The women let their grocers, their druggists and other merchants know how they felt.

Mr. Williams estimates that more than 70 per cent of the 200,000 union members in Louisiana were registered to vote.

Business sources say labor spent \$500,000 in the campaign, most of it from outside the state. This could not be confirmed. No report of political spending in state elections is required. Some of the money was raised through \$1 contributions from union members, but most of it came from union treasuries, according to Mr. Williams, who would not say how much labor spent.

The *Political Memo*, which is published by the AFL-CIO Committee on Political Education, reveals a little about the financial end of the Louisiana campaign.

"The story of Louisiana," the publication says, "serves an object lesson to trade unionists everywhere that if they take their appeal directly to the people and are not afraid to spend a little money they can help get progressive candidates elected." They raised money "right from their union treasuries" to support good candidates and defeat those responsible for passing the right-to-work law, it adds.

Most of the funds were spent for practical political work, organizing, registering, informing members on where the candidates stood on the right-to-work issue, getting out the vote. Hardly any went for advertising, radio or television, according to Mr. Williams.

The AFL-CIO movie, "Injustice on Trial," an attack on right-to-work laws, was not shown. (Those fighting repeal showed on television a 15-minute movie, "You Be the Judge," produced and distributed by Kansans for the Right-to-Work, an organization trying to get a right-to-work law in Kansas.)

The strategy in the elections was to concentrate on the legislative candidates and disregard the hot governorship fight. Five men, including former Governor Long, New Orleans Mayor de Lesseps Morrison and a candidate supported by the retiring governor, were running for Governor.

Whereas Mr. Long professed to be neutral on repeal of right-to-work, labor considered him in favor of repeal because he had been on their side in the past on that issue. Some labor people were for Mr. Morrison, even though he was regarded as being against repeal. Both candidates, however, stated that they would sign a repeal bill if passed by the legislature.

An endorsement of Mr. Long would have split labor and hurt labor's chances in some of the legislative races. Mr. Long won a clear majority in the first primary, so labor did not face the problem of making an endorsement in a runoff.

This strategy paid off. Although many legislators who favored right-to-work were re-elected, many of those most closely identified with passage of the law were knocked out by labor's punch. These were the results:

Out of 64 who voted for right-to-work, 37 were re-elected (10 in the Senate, 27 in the House).

Out of 49 who voted against right-to-work, 25 were re-elected (seven in the Senate, 18 in the House).

(Continued on page 57)



GEORGE MEANY,
AFL-CIO president,
told *Nation's Business*:
"The results in Louisiana
are encouraging. It was
just a case of labor doing
a good job. We will
continue our unrelenting
fight against these anti-
labor laws in every state
and in Congress."

STUDY SPOTLIGHTS INDUSTRIAL PROGRESS

Census of Manufactures, first since 1947, shows trends in growth and decline in various manufacturing categories

UNITED STATES manufacturing industries contributed \$116 billion in value to our economy in 1954, a 56 per cent rise in seven years, according to the latest Census of Manufactures now nearing completion.

The periodic study by the Commerce Department's Bureau of the Census also found that America's 288,200 factories paid \$66 billion in 1954 to its 16 million workers, a payroll rise of 59 per cent from 1947. The study is compiled from detailed factory reports and Bureau of Old Age and Survivors Insurance records. It is the only comprehensive measurement of factory establishments, employment, payrolls, products manufactured and other industrial data. This is the first complete compilation since 1947.

The value added by manufacturing, a yardstick of the economic importance of manufacturing industries, increased by \$41.7 billion in the 1947-54 period, but one fourth of the climb represented higher prices.

Nineteen of the 20 industrial groups studied showed increases in value added. The transportation equipment industry led all others in the seven-year period, with a \$7.9 billion increase. The nonelectrical machinery industry was up \$4.5 billion. Food and kindred

products industry saw a \$4.4 billion hike. Only textile mill products decreased in value added, down \$651 million.

Between 1947 and 1954, total factory employment rose 1,371,000, led by the transportation equipment makers—up 535,000—miscellaneous manufacturing industries, including ordnance—up 238,000—and food industries—up 208,000.

Six of the 20 industrial groups, however, showed drops in employment, with textile mills down 210,000, and tobacco, rubber, leather, primary metals and non-electrical machinery each losing workers.

Manufacturers spent \$7.8 billion for new plant and equipment during 1954, with expenditures highest for chemical and chemical products industries.

Though total payrolls rose 59 per cent during the period, an accompanying increase in factory hourly wages indicates a more modest increase in production hours—those worked by blue-collar workers.

Here are important changes shown by various industry groups.

Transportation equipment, the fastest growing industrial group, climbed from sixth place in 1939 to third in 1947, became first in 1954. Value added rose 135 per cent between 1947 and 1954, employment increased 46 per cent. Hiring 11 per cent of all manufacturing workers, this group turned out 12 per cent of the value added by all manufacturing industries.

This rapid growth was due primarily to the aircraft and parts industry, whose value added shot up 541 per cent between 1947 and 1954. The motor vehicle and parts industry grew 72 per cent, ships and boats rose 31 per cent, but railroad equipment declined 2 per cent, and motorcycles and bicycles dropped 41 per cent.

Continued growth is signified by the \$926 million this industry group spent in 1954 for new plant and equipment. Direction of growth is indicated by the 78 per cent of this amount spent by the motor vehicles industry, and 15 per cent by the aircraft industry.

Food and kindred products, dropping from first place in 1947 to second in 1954, employed 10.5 per cent of the factory workers, produced 11.5 per cent of the total value added by all manufacturing industries. Employment increased 14 per cent between 1947 and 1954, and value added rose 49 per cent.

Value added increased in all major sectors of the industry group, with meat products up 55 per cent, bakery goods up 44 per cent, canned foods up 28 per cent, grain mill products up 22 per cent, the beverage industry up 20 per cent, sugar up 7 per cent, and candy up 2 per cent. Dairy products and frozen foods also increased.

These comparisons obscure significant changes for individual industries. Among grain mill products, flour and meal decreased 31 per cent, but cereal breakfast foods increased 32 per cent, animal feeds increased 49 per cent, and

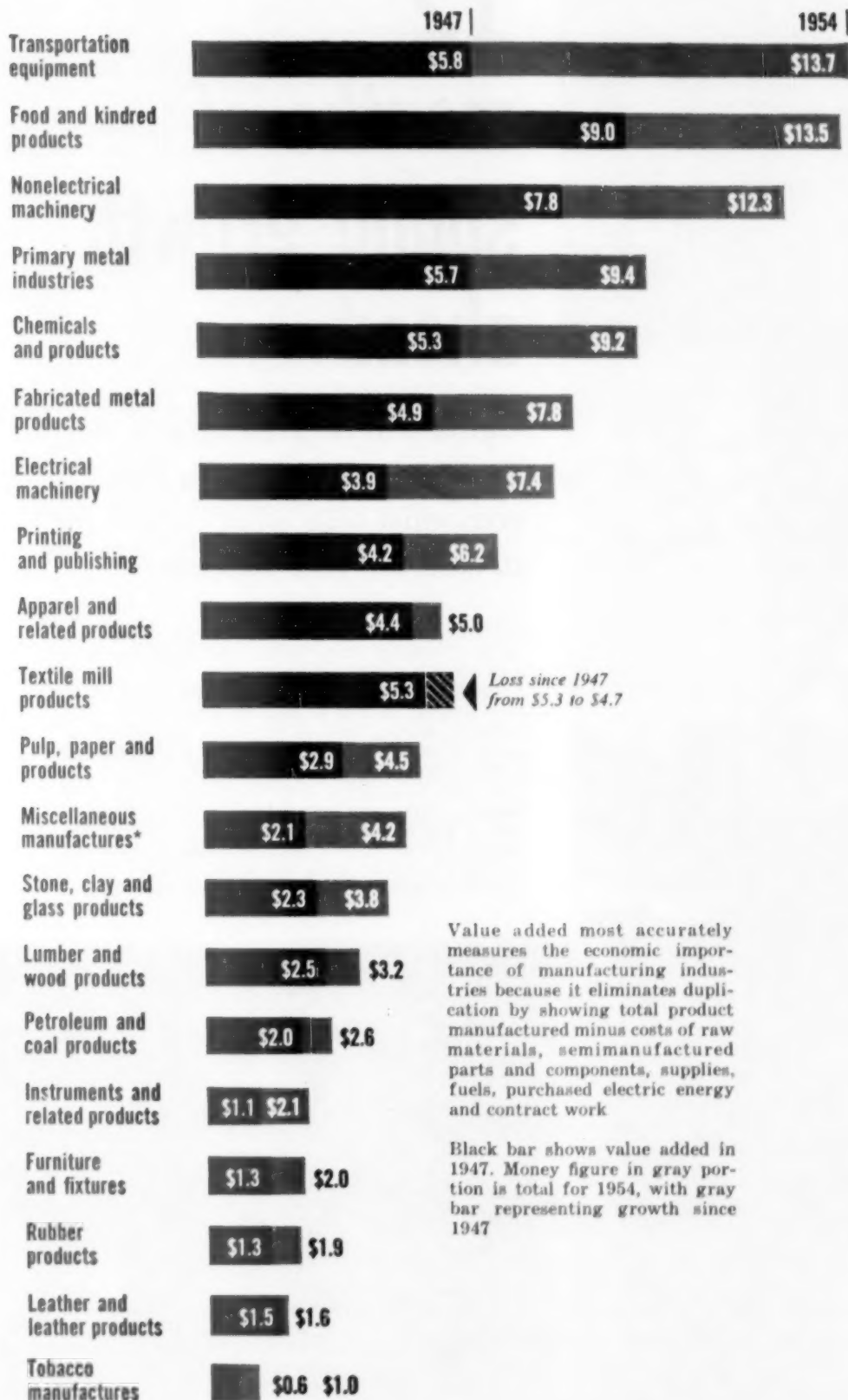
(Continued on page 76)

AVERAGE ANNUAL CHANGE IN OUTPUT PER MAN HOUR, 1947-1954

ALL MANUFACTURING	+ 2.9 %
Tobacco manufactures	+ 6.1
Instruments and related products	+ 5.6
Chemicals and products	+ 4.9
Leather and leather products	+ 3.6
Food and kindred products	+ 3.6
Primary metal industries	+ 3.2
Electrical machinery	+ 3.1
Stone, clay and glass products	+ 2.8
Transportation equipment	+ 2.6
Rubber products	+ 2.6
Miscellaneous manufactures (including ordnance)	+ 2.6
Nonelectrical machinery	+ 2.6
Printing and publishing	+ 2.3
Furniture and fixtures	+ 2.2
Pulp, paper and products	+ 2.1
Textile mill products	+ 2.0
Petroleum and coal products	+ 1.9
Apparel and related products	+ 1.0
Fabricated metal products	+ 0.8
Lumber and wood products	+ 0.3

Computed from Census and B.L.S. data

Value added by manufacture 1947 and 1954 (in billions of dollars)

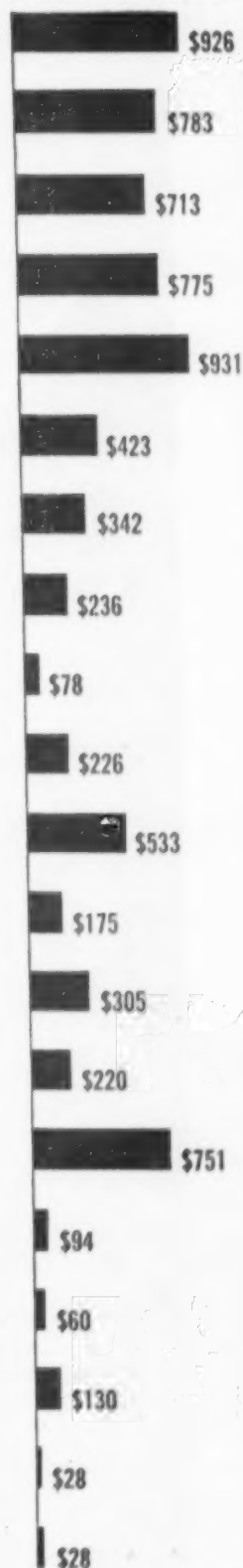


Loss since 1947
from \$5.3 to \$4.7

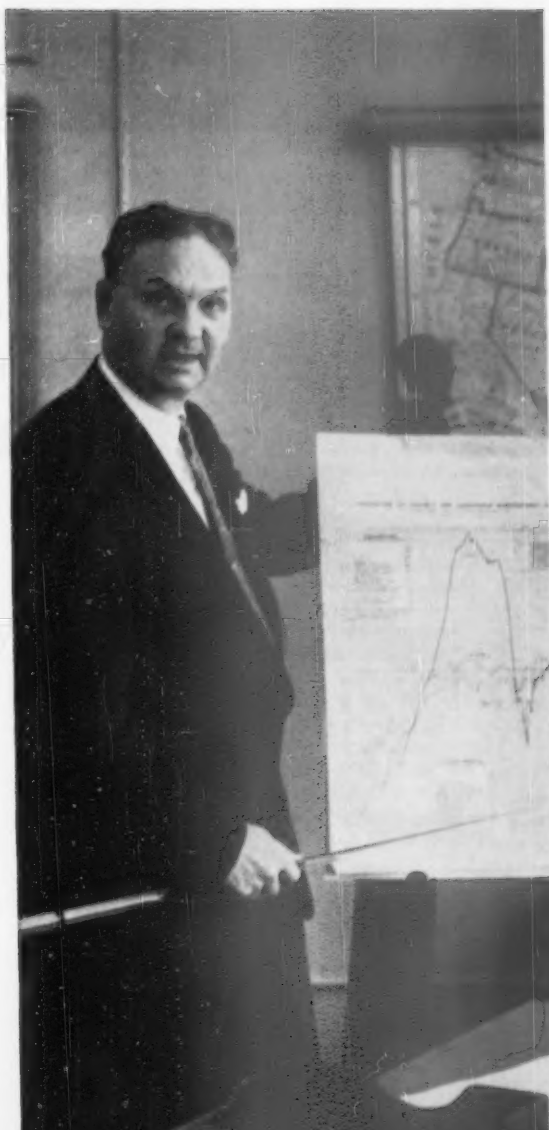
Value added most accurately measures the economic importance of manufacturing industries because it eliminates duplication by showing total product manufactured minus costs of raw materials, semimanufactured parts and components, supplies, fuels, purchased electric energy and contract work

Black bar shows value added in 1947. Money figure in gray portion is total for 1954, with gray bar representing growth since 1947

1954 expenditures for new plant and equipment (in millions of dollars)



*Includes ordnance



12 months of sound growth ahead

Gains will be gradual and fluctuations will occur. Du Pont economist tells what to look for in steering your business

WHAT ARE THE prospects for business over the next six to 12 months? Many business decisions depend on a sound answer to this question.

At the moment, the business trend is uncertain. It is difficult at best to measure economic developments accurately between June and September because of seasonal adjustments to the statistics for vacation shutdowns, automobile model changes, etc. This year, in addition, there has been a major work stoppage in the steel industry and an inventory problem in the automobile industry to complicate the analysis further. Both of these circumstances have had the effect of accentuating the normal summer dip in statistical measures of general business. The task of

Ira T. Ellis, economist for E. I. du Pont de Nemours & Company,

sees solid basis for business expansion this fall, says gains during next

six to 12 months will be gradual rather than sharp, with divergent

trends in various industries, points out the abnormal increases of

past 15 years shouldn't blind us to the economy's basic growth rate

the analyst today, therefore, is one of determining how much of this dip is the result of random influences, how much the result of normal seasonal influences, and how much is cyclical. Even if conditions this summer are satisfactorily explained, the question about the outlook for fall still remains to be answered.

Prior to the steel strike there was no consensus among economists regarding business prospects for the fourth quarter of 1956 and early 1957. Some foresaw a definite upturn in business this fall. Others expected the "straight-line" recession of the past six months to continue with no significant movement in either direction. And still others looked for further weakening over the next six months.

Although the steel strike resolved some disagreement about the immediate outlook, the broad differences of opinion still remain concerning the next direction business will take. By and large, these differences reflect an analysis of basic influences at work in the economy and are not subject to quick changes. Moreover, the economic impact of the steel strike has been interpreted quite uniformly by economists representing each point of view, thus tending to cancel out its effect in any comparisons.

Since each of these views on the short-term outlook is held by economists whose opinions are highly regarded in the profession, a brief examination of their reasoning is in order:

The case for a rise

The case for a fall upturn is based largely on the expectation of recovery in automobile retail sales, continued rise in business investment in new plant and equipment, and an upturn in expenditures for residential construction, together with the continuing increase in consumer spending. A sharp recovery in steel production will add to this upturn, but is not essential to this analysis. Other factors mentioned are stepped-up federal government spending for defense and state and local government spending for roads and schools. The important causal elements, however, are considered to be the first three factors.

Automobile production in the first six months of this year was 25 per cent below the record level of 1955, although retail deliveries were down only 18 per cent. Present schedules call for the output of around 1 mil-

lion cars in the current quarter, but for a sharp revival in the fourth quarter.

Most 1957 models will be completely restyled, and the hope is that these new styles, probably accompanied by some easing of credit, will stimulate a rise in consumer spending for automobiles.

Business has been building new plant and buying new equipment at a sharply rising rate since early 1955. Total expenditures for these purposes in the second quarter of 1956 were 35 per cent greater than in the first quarter of 1955 (seasonally adjusted). Recent government and private surveys suggest that spending for new plant and equipment will be even higher this fall. While this represents only a continuation of the recent trend and not a change, it is counted on to provide strong additional support for the expected forthcoming upturn.

Home builders so far this year have put under construction approximately 17 per cent fewer houses than during the same period last year, although dollar expenditures for new housing are down only a little more than eight per cent. Higher prices and a greater proportion of larger houses account for the smaller drop in spending. The downturn in housing starts is attributed both to the shortage of mortgage funds and to specific restrictions on mortgage lending which were put into effect last summer. Recently rising interest rates reflect the relative shortage of lendable funds. They have made mortgages (particularly VA and FHA) less attractive to long-term investors. Higher minimum down payments for VA and FHA buyers, official disapproval of mortgage warehousing by commercial banks, and limitations on Savings and Loan Association borrowing from the Federal Home Loan Banks have served to hold down both the demand for, and the supply of, mortgage money.

Those who look for improvement in residential construction this fall expect a major change in Federal Reserve credit policy plus some further relaxation of specific restraints on mortgage lending.

The case for a plateau

Those who expect little or no change in the course of general business this fall beyond a normal recovery in steel production, question, first, whether a change in monetary policy actually will take place, and, sec-

The case for a rise



Fall upturn based on expectation of recovery in automobile retail sales,



the continued rise in business investment in new plant



and equipment, an

upturn in expenditures for residential construction,



along with a con-

tinuing rise in consumer spending.



Steel recovery would add to this upturn

ond, whether a change, if it does occur, can have the expected stimulating effect.

As to the likelihood of a change, they feel that the inherent economic strength in the capital expenditure program will provide enough inflation potential to warrant keeping money tight (making due allowance for changes in supply to meet seasonal needs). Furthermore, they point out that any pronounced softening of business would bring about some easing in the money market by reducing the demand for credit with no action required by the Federal Reserve Board.

This group minimizes the effect of a change in monetary policy. They contend that many factors other than credit terms or the availability of credit are behind decisions to buy a car or a house, for example. They say that consumers are influenced by such things as their attitude toward the future of business (their income and job security), their present inventory of goods or houses, and by the style and utility appeal of the product offered, as well as by low down-payments and long maturities. Credit facilitates sales; it does not cause them.

They point out that in 1955 consumers bought more than 1.3 million new houses, 7 million new cars, and 7.5 million TV sets—all records or near records. The downward adjustment experienced by these industries this year, therefore, has been from a peak level rather than from anything that could be considered normal. Those who do not see an upturn believe that more time may be required for consumers to digest these inventories and re-enter the market in substantial numbers, regardless of any easing in terms or the availability of credit.

The case for a decline

Those who anticipate the beginning of a recession in the fourth quarter look for a change in underlying business sentiment which will have a negative effect on inventory building and the huge capital expenditure program.

Total manufacturing and trade inventories are currently at an all-time peak of more than \$85 billion. In the past 12 months, the book value of these inventories has risen by around \$6 billion, or eight per cent, whereas sales have increased by less than three per

cent. It should be pointed out, however, that inventories were too low at this time last year. The inventory-sales ratio in mid-1955 was at its lowest since 1950, and many manufacturers had difficulty in maintaining operations or servicing sales. Moreover, the bulk of inventory accumulation during the past 12 months has been in the categories of purchased materials and work in process, rather than in finished goods; and the greatest gains have been made by industries where order backlogs are the highest (machinery). This would suggest that over-all inventories may still be in good balance, despite the large dollar total. But since the adequacy of inventory is always judged in relation to expected sales, a change in expectations can quickly convert the same physical volume of inventory from an insufficient supply to a surplus.

Plans or intentions to build new capacity and buy new equipment are, by definition, oriented toward the future. There is no guarantee that these plans will be carried out simply because they have been announced. A change in the business climate could quickly lead to a reappraisal of capital spending plans, involving perhaps the postponement or cancellation of projects not already underway. In view of the value of contracts already placed, a possible reappraisal of the outlook would affect business principally in 1957 rather than in 1956.

These possibilities are the basis for the pessimistic view. Those who expect the beginning of a business decline say that disappointing sales in many areas during 1956 (in some cases disappointment that the gains over 1955 didn't equal the gains 1955 showed over 1954) will lead to inventory liquidation and to a downward revision in capital spending plans. In their view, inventory liquidation and some reduction in capital spending plans are expected to cause a cut-back in production and to bring an end to the rise in general business that began in late 1954. Any shock or depressing news from Washington also could have the same effect.


Striking a balance

Having looked at the arguments let us now come to the question, what can we expect?





In my judgment, the present mixed trends will be

The case for a plateau



Forecasters of little or no change this fall  feel there is still enough inflation potential to keep money tight;    that even if change occurs in monetary policy,    credit only facilitates sales, doesn't cause them. Consumers need more time to digest their inventories,   then re-enter market

The case for a decline

Those who see a recession beginning in fourth quarter  point to peak inventories of \$85 billion, say that change  in underlying business sentiment, disappointing 1956 sales,  could lead to inventory liquidation, reduction in capital spending plans,  end the business rise

followed by further gradual expansion late in 1956, assuming no major change in the international situation.

The economy has been through an adjustment of major proportions during the past 12 months. The magnitude of this adjustment is hidden from the casual observer of economic statistics because of the way in which divergent trends tend to cancel out. The Federal Reserve Board's Index of Industrial Production measures the net change of all manufacturing and mining industries; Gross National Product represents the total value of all goods and services produced in a given period. The recent declines in automobile production and in residential construction have been offset to a large degree by the increase in machinery output, in industrial and commercial construction, and in consumer spending for nondurable goods and for services.

The events of the past six months have had the effect of correcting certain distortions that developed late in 1955.

The prices of some commodities (copper and rubber) were bid up beyond any sustainable range last year. They have since retreated to more realistic levels.

The shake-out in the stock market last spring brought it to within a few points of a year ago.

Automobile sales and residential construction are now probably more closely adjusted to normal market demands.

Installment debt repayments are now rising more rapidly than extensions of new credit.

In the light of these corrections, the present spotty weaknesses should not be viewed with alarm, but rather as adjustments that will pave the way for renewed expansion.

There are many elements of strength in the underlying economic situation today despite the interruption in steel output. Around 67 million people are at work, in addition to nearly 3 million in the armed forces. Civilian employment is now some 2 million above a year ago. Total personal income is up approximately \$15 billion from last year, on an annual basis.

A solid basis for business expansion this fall exists; but it will probably not be a pronounced upturn like the one which occurred late in 1954. It will be supported by near capacity operations in the steel indus-

try, an increase in output of the automobile industry, rising business spending for plant and equipment, rising consumer spending, and by some expansion in spending by state and local governments. There are, however, many differences between the summer of 1954 and the summer of 1956.

The year 1954 was one of uncertainty among consumers and businessmen. Unemployment was rising, production was well below the level of the preceding year, and inventories were being liquidated. Many consumer and business purchases were being deferred until the outlook clarified. It was apparent to many observers by the fall of 1954 that the business decline had about run its course. The combined effects of a cut in personal income taxes, the expiration of the excess profits tax, a liberal housing bill, and a monetary policy of active ease were beginning to be felt. At this point automobile manufacturers introduced new models that were exceptionally well received. The sharp rise that followed is now history.

This year, in contrast, business inventories have been rising rather than falling, and consumers have been buying automobiles and other durable goods at a high rate for the past 18 months. Although some industries have temporarily unused resources, others are seriously held back by shortages of skilled labor and of manufacturing capacity. There is simply not enough slack in the economy to permit a rise of more than two or three per cent in Gross National Product in real terms over the next 12 months. In contrast, Gross National Product rose nine per cent from the third quarter of 1954 to the third quarter of 1955.

The goals of the present huge capital expansion program of business can be achieved only by diverting economic resources from the production of consumer goods, such as automobiles, other durable goods, and houses, to the production of investment goods, such as machinery and manufacturing plant. To accomplish this major shift smoothly, a corresponding shift must occur in the allocation of income and credit. Spending and borrowing for consumption must be limited in favor of increased saving, or prices will be bid up. Over the longer term our economy can increase the output of both consumer and producer goods, but it cannot do so rapidly during a 12-month period which starts with output at or near capacity. (Continued on page 91)

to see Ike- see Shanley

PHILLIPS-BLACK STAN



Upcoming elections, pressure of White House visitors will emphasize the key position of Mr. Eisenhower's "no" man

FOR THE next three months the screening of President Eisenhower's callers will be one of Washington's hardest jobs.

The President's normally heavy schedule will be intensified by the upcoming November elections, the windup of the Congressional session (he sometimes signs 150 bills a day) and diplomatic duties made more crucial by free world relations with communist nations. His leadership of the "vigorous, active campaign" which the Republicans have promised will mean heavy demands on his time. In addition he will try to talk to as many as he can of the hundreds of people who try every day to see him at the White House.

Helping to simplify the President's task will be a handsome Irishman named Bernard Michael Shanley, Secretary to President Eisenhower and a man of numerous responsibilities. A major one is choosing who shall get to see the President.

His task is monumental. He daily receives some 250 telephone calls and more than a score of letters from people who want to have a private talk with the President. This vast number does not include hundreds of other requests that are screened out by the White House switchboard and the secretarial pool and never reach Mr. Shanley—requests from political favor-seekers, county hogcalling champions, artichoke or soybean queens, professional hand-shakers and such.

◀ **PRESIDENT'S VIEW** of Appointment Secretary Bernard Shanley is from Mr. Eisenhower's chair in the White House

NATION'S BUSINESS • AUGUST 1956

WHAT

they need to know? Dr. Abbott and a small staff of consultants put in a full year of research and planning

From this multitude, Mr. Shanley taps four or five a day—less than two per cent of the total—for the privilege of having a brief audience with the Chief Executive. Since he has to turn down 98 per cent of the requests, Mr. Shanley has come to be known as Mr. Eisenhower's "no" man. That is but one of the services he performs. In addition he is Mr. Eisenhower's confidant, consultant and adviser; his almost constant contact and sometimes golfing partner.

By the very nature of his job, he is the President's buffer and shield, literally and figuratively. He sees to it that Mr. Eisenhower is not exposed to unnecessary chores and pressures and that the President's work load is better balanced. No one has a greater appreciation of the burden borne by the President, and no one in official Washington, with the possible exception of Mr. Eisenhower's personal secretary—Mrs. Ann Whitman—has closer minute-to-minute, hour-to-hour daily contact with Mr. Eisenhower.

These responsibilities call for the wisdom of a Solomon, the patience of a Job, the tact of a diplomat, the charm of a matinee idol, the firmness of a drill sergeant, the endurance of a marathon runner, the perception and shrewdness of a military strategist, and the dedication and devotion of a St. Francis. All of these qualities Mr. Shanley possesses in good measure.

"The most important part of my job," he says, "is allocating the President's time; budgeting his day for the things he has to do and determining whom he shall see—and for how long."

The President's schedule, disrupted by his operation but in full swing again, is worked out with all the precision and care of an airline timetable. The task starts on the premise that Mr. Eisenhower invariably shows up at his desk at 8 a.m.—or earlier—and works right through until noon. Then there is a break for a swim in the White House pool—unless he makes a trip to the golf course or decides to hit a few chip shots on the south lawn. After the swim comes lunch; the rest prescribed by his physicians, then back to the office about 2 p. m. until 6 p. m.

About three times a week Mr. Eisenhower has meetings at the residential quarters after office hours, perhaps with Secretary of State John Foster Dulles, Sen. Walter F. George or some other government figure.

So, many times, it is 7:30 p. m. before the President finishes his day.

"He's carrying a bigger load of work since his heart attack than before," says Mr. Shanley.

This makes the job of allocating the President's time that much more difficult. In working out the President's daily schedule, Mr. Shanley must make sure that there is diversification; that he strikes a good balance in setting apart the amount of time the President devotes to callers, to necessary paperwork, to staff consultations and to the other duties and details that must be handled.

Even the appointments must be balanced so that, for example, the President does not have the National Security Council or the Cabinet in all day. This happened at Camp David when the President was in the earlier stages of recuperation from his heart attack, and it proved an extremely tiring experience for the Chief Executive. It occurred during a brief hiatus when Mr. Eisenhower had no appointment secretary. But when Mr. Shanley returned to the job after a three months' retirement he gave the President's daily working schedule more change of pace.

Another Shanley chore is to streamline the President's paper work. He sees to it that, when a problem is brought to Mr. Eisenhower for decision, the staff work is done thoroughly. Mr. Shanley is an old hand at that sort of efficiency operation. When he came to



Shepherding interested senators and representatives at bill-signing ceremonies is one of Mr. Shanley's White House duties

Washington with the Eisenhower Administration in 1953, he started out as special counsel to the President. As such, he master-minded much of the paper work before it reached the President's desk. He went over every piece of legislation that came to the White House from Congress and made recommendations for presidential signature or veto.

Not once in the two years he served in that post did the President reverse one of his recommendations. The short-cuts he devised for the President in that job he has carried over into the present one. In the old days, it was customary for a president to sign routine transfers of military officers from one assignment to another. Sometimes this meant the President had to sign 500 such letters a day. Mr. Shanley looked into the matter and found that it was custom—not law. He abolished it. Now Mr. Eisenhower signs an average of only 100 letters a day.

The President ordinarily gets hundreds of invitations each week to attend functions in near and far places—a county fair or a meeting of American heads of state at Panama; a ball game or a college commencement. This adds up to that much more work for Mr. Shanley, who must work out minute details of presidential trips, whether they be to Geneva or to a hotel a few blocks away for a banquet.

First off, Mr. Shanley sounds out the President's wishes. If Mr. Eisenhower decides to accept an invitation, then the wheels start turning—at least a month before the event. Mr. Shanley goes into a huddle with Presidential Assistant Sherman Adams, Press Secretary James C. Hagerty, speech writer Kevan McCann, Gen. Wilton Persons, James Rowley, chief of the Secret Service White House detail; Dewey Long, chief of transportation

(Continued on page 65)

WHAT FUTURE EXECUTIVES MUST KNOW

Tomorrow's managers will have their hands full. Here's how Virginia's new graduate school of business is preparing them

WHAT WILL BE industry's major problems five, 10, or 20 years from now?

In the opinion of Charles C. Abbott, dean of the new graduate school of business administration at the University of Virginia, one major problem of business tomorrow will be finding the top executive brains to solve all the other problems, whatever they may be, swiftly, as they arise.

Tomorrow's executive must be able to keep his expensive physicists and engineers busy, juggle automation and union negotiations, find new plant sites and keep production going during the relocation period, find new products, be charming to his stockholders and government, and put the Community Chest fund over the top, all at the same time.

This man, Dr. Abbott believes, will not be a specialist in any of these fields so much as, simply, a man with an intellectually sharpened mind, a man who has been trained to think and isn't afraid to do it, with daring, on his feet.

Two years ago Dr. Abbott was called upon to start, from scratch, a graduate school to teach the young men who will run tomorrow's businesses what they will most need to know. But before he could begin teaching them, he had to answer his own question: What will

they need to know? Dr. Abbott and a small staff of consultants put in a full year of research and planning before one student was admitted to the school. This June it completed its first year of operation. The dean and his faculty members believe that they're on the right track.

What good is a graduate business school? How will the man who spends two years in such a school stack up against another man who spends an equal length of time in a company's trainee program, right there on the job? Dr. Abbott believes that the trainee definitely will be worth more to his employer in current dollars and cents at the beginning of his third year with the company than the business school graduate is at the beginning of his first. It is only after about five years that the business school graduate begins to pull ahead, but then, in Dr. Abbott's opinion, he pulls far ahead. He has already met, in the synthetic atmosphere of the classroom which permits an over-all view, problems pertaining to general business management. The problems the trainee has faced generally have been confined not only to the particular industry, but to whatever department he happened to be in.

Furthermore, it is only the top few corporations which have the means to maintain any kind of long-range training programs. Thousands of average-sized American businesses can take in only a few men over the years and must gamble on their choices. These can benefit best by advanced college study and training.

Business today is in a period of such great change that no one can positively say what its needs will be tomorrow. "Whatever we're teaching three years from now ought to be different from what we're doing today—otherwise we'll be wrong," Dr. Abbott says.

However, certain reasonable conclusions can be drawn. There is full employment today; industry can't get all the men it needs. The sharply rising increase in population will require more production. Yet the lag between the time the individual is born and the time he begins producing is getting longer and longer, due, in part, to increased schooling and military service. At the same time, compulsory retirement is increasingly cutting off manpower at the other end.

One answer to the increasing shortage of manpower is automation. A great technological revolution is taking place; companies are fighting for technologists to such an extent that a Ph.D in physics with no experience can take off his graduation robe one minute, go to work for \$11,000 to \$12,000 a year the next. Business has always been in a period of change. Today, and increasingly so in the future, it is the fantastic speed of this change that makes the difference. Dispersion and relocation add to the confusion.

As changes in methods, even products, become increasingly necessary, so must management woo its own

One device used by class in production is case method. Textbook wasn't required; professor cited actual problem faced by company in region

Problem involved departmental coordination in production of complicated machine tool. Description required pages of text, diagrams and photographs

stockholders for permission to make these changes. In the competition for a steady labor supply, industry will assume more and more responsibility in community affairs. Business will be more and more open to the public, to government, to congressional committees. The problems attendant on labor, taxation, financing, mergers and consolidation will get more complicated, not less.

To produce the kind of man to handle such problems, Dr. Abbott started out with a faculty of hand-picked professors. He really wanted only 20 or 25 students in the first year, but of the many applicants, 38 were too good to turn down. They came from 20 colleges, ranged from 29 years of age down to 21. The average age was 25.

The school's first-year courses, all required, are Accounting and Statistics; Analysis of Business Problems (written); Banking and Finance; Economic, Political and Social Environment of Business; Marketing; Organization, Human Relations and Administration; and Production and Industrial Management.

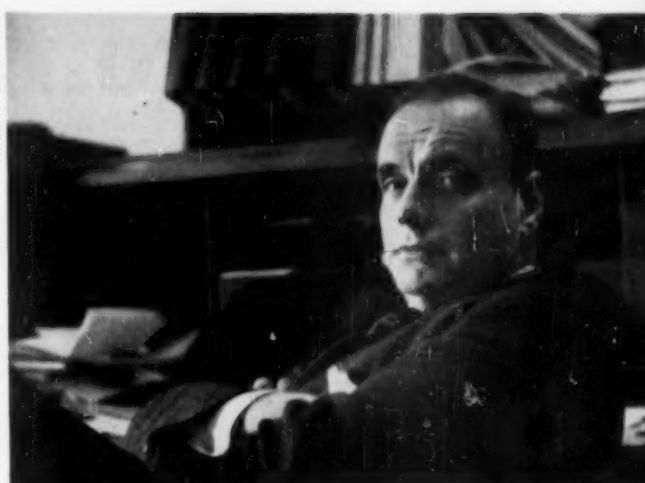
Of the second-year courses only two, Analysis of Business Problems (oral) and Business Policy are required. Electives are Accounting Theory, Advanced Production Problems, Advertising and Promotion, Business Conditions and Business Cycles, Business and Government Relations, Business History, Business Problems of Agricultural Industries, Business Problems of State and Local Government, Corporate Financial Management, Cost Accounting, Employee Relations, Factory Management, Industrial Marketing, Investment Management, Legal and Tax Problems of Business, Management Accounting, Management of Financial Institutions, Management of Sales Organizations, Marketing Policy and Strategy, Personnel Administration, Population Change and Business Development, Prices and Price Protection, Property Management, Insurance and Estate Planning, Retailing, Research Courses.

The school goes in heavily for the case method, as does the Harvard School of Business, from which Dr. Abbott came. When the student gets his master's degree in Business Administration he will have had thrown at him 12 case-problems a week for 60 weeks. The cases are taken from life; they've all been experienced by an actual concern. Frequently the problems involve factors in which the students have had no previous experience. This is a condition, however, which they will face all their working lives.

Maurice Davier, professor of business administration, believes the executive of tomorrow will be in the unfortunate position of having little time in which to make up his mind.

In most corporations today, solutions of many problems in business are limited by the capacity of human

PHILLIPS—BLACK STAR



MAJOR PROBLEM of business will be finding top executives, says Charles C. Abbott, formerly of Harvard Business School, now dean of University of Virginia's new graduate school of business

beings to operate mechanical computers and slide rules. Business cannot afford to employ sufficient manpower to obtain all the answers it would like to have. As electronic computers become available in both quantity and price to these corporations, all this information will be wrapped up and laid on the executive's desk almost immediately. He, poor fellow, will have to make up his own mind just as quickly.

There is also today a need for more up-to-date information that will tell the production executive just how his function can best be performed in the jigsaw puzzle of business enterprise. With electronic computers more readily available in the future, however, research teams will be able to arrive at quicker solutions. But they won't be worth much unless there's an executive who can comprehend the information and make immediate use of it.

One way to develop this genius of the future is through the case-work method. In the examination Professor Davier gave his class in production, for example, he asked no questions from a textbook. Instead, he put before the class an actual problem facing an actual company in the region. Professor Davier had made a thorough study of this plant. His description of the problem required several pages, included diagrams and photographs of the company's product.

The product is an extremely complicated machine tool, weighing several tons, (Continued on page 74)

The students were given four hours to analyze the company and its problems



They found a total of 15 sound advantages to present procedure

but, listed 30 specific disadvantages and made 30 specific and practical recommendations

Glass promises new age of progress

Here's what industry hopes to do with versatile material that can be lighter than cork, heavier than iron, hard as steel, soft as felt

GLASS HAS changed from a simple and unassuming material into a scientific prodigy, endowed with vast potentialities, possibilities and secrets that mankind never before dreamed it had.

Some enthusiasts, in fact, maintain that we are entering a new and dazzling Age of Glass. Industry is already making boats, airplanes and parts of railroad trains and automobiles out of glass. Within the past dozen years the glass industry in the U. S. has tripled its sales, multiplied its products and has graduated from being a secretive, crotchety and taciturn craft into an industrial wonder surging with ideas, dedicated to scientific research and as alert to public relations as a politician in election year.

Glass was the first industrial product to be manufactured by white men in the New World. It is the oldest synthetic material known to civilization. Examples of glassware date back to 12,000 B. C. And yet, as Dr. William W. Shaver, of Corning Glass Works, Corning, N. Y., has said:

"When the average citizen thinks of glass, he thinks of a window, a mirror, a bottle or a tumbler. Until recently our industry had regarded glass in this limited manner. Now we think of glass as an engineering material, like steel. Here at Corning we have about 65,000 different formulas for making glass products."

Glass is made lighter than cork and heavier than iron, as hard as steel and as soft as felt, tissue paper thin and in plates seven feet thick

to protect observers of nuclear blasts. Glass is cast to be strong enough to withstand sledge hammer blows or so fragile that it shatters when a high note is played on a violin. It is made into paper, draperies for interior decoration, insulation to retain fires within certain areas of aircraft and window panes that encourage chickens to lay more eggs.

Last year, greatest in its history, the glass industry in the U. S. made 8 million tons of glass into products ranging from flimsy decorative balls for Christmas trees to windows for guided missiles that must withstand friction-produced heat of 2,400 degrees F. Some \$1.7 billion worth of glass products were sold.

This postwar surge in glass came about because the industry is promoting more vigorously and intelligently some of its established products and creating new ones. More than 75 per cent of the Corning Glass Works' revenue in 1955 was from articles that were not in existence in 1940.

Among the country's leading glass producers are:

Owens-Illinois, of Toledo, which specializes in glass containers, Libby-Owens-Ford Glass Company, also of Toledo, and Pittsburgh Plate Glass Company which specializes in the flat glass field; Corning, which makes 35,000 different products ranging from its fine Steuben crystal to glass sewer pipe; Owens-Corning Fiberglass Corporation, of Toledo, and LOF Glass Fibers Company, of Toledo.

Corning, which plows back three

per cent of its gross into research, has long been regarded as the most scientific and glamorous among the glass makers. Corning made the heat-resisting glass, Pyrex, in 1915 and a dozen years later, with two European companies, perfected tempering, which made glass five times stronger than it had ever been. In 1936 Corning cast the disk for the mirror of the Mount Palomar Observatory's giant telescope. This mirror, usually regarded as the world's most famous piece of glass, is 17 feet in diameter.

The other glass companies, however, have recently begun to challenge Corning's top spot in research. Pittsburgh Plate is building a multimillion-dollar, ultramodern research center and pilot plant that covers 250,000 square feet.

An \$8 million Technical Center at Toledo was dedicated last fall by Owens-Illinois, even though that firm claims to represent the "plebian branch" of the glass industry. Last year 70 per cent of glass production was in glass containers—O-I's specialty—which brought in only 37 per cent of the industry's income. That Owens-Illinois has its sights set on more exotic products than bottles and jars is indicated by the 580 workers employed at the Technical Center to delve into the properties and potentialities of glass.

"Until the turn of this century," says James W. Hackett, O-I's director of research, "our industry was making glass the way it always had done. Until 25 years ago, the glass industry had merely trade secrets. It had no real research. Glass is so easy to make it did not inspire or require research. The materials to make it—sand, soda, lime—are lying about in almost exact proportions.

Owens-Illinois' most fascinating studies presently are its Technical Center's basic researches into what glass really is. More progress has been made the past ten years in understanding glass than in all the past centuries, but knowledge is still sketchy. It is known that glass is inert, unaffected by heat or cold; it can stop or conduct electricity, and laboratory-made glass is two and a half times as strong as ordinary steel. Glass fiber is twice as strong as piano wire.

Glass' weakness is its brittleness. Once its surface is scratched, glass is easily shattered. The basic research seeks to learn the cause of this brittleness and how to stop it. Owens-Illinois researchers figure that the industry is realizing not more than one per cent of glass' potential strength. They believe that in a few years they will be able to

(Continued on page 83)



CINDERELLA'S SLIPPER is old hat compared with fabrics of decorative Fiberglas yarn which are now being woven for madame's footwear



GIANT LENSES for aerial cameras made from glass with high optical quality make it possible to distinguish the windows in buildings as far as 14 miles away

WINDOWS of the heat-absorbing, eye-comfort type of glass admit natural daylight and at the same time help control interior temperatures of buildings

COLORLED FACADES of glass panels that come in a rainbow spread of hues as shown here will provide a new facing material for the buildings of tomorrow



★ ★ PRE-CONVENTION

EXPECTED DEMOCRATIC KEYNOTES

-  *Government for the people—all the people*
-  *Stabilize economy with federal bulwarks*
-  *Increase welfare benefits*
-  *New aid for small business, labor, farmer*
-  *Broad base tax cut*
-  *Restrict mergers—monopoly threats*
-  *More federal resources development*
-  *Stimulate mass buying power*

These are the planks that politicians predict their parties will draw up as action guidelines for next four years

THE CLIMATE for future business activities will be forecast this month when the Republicans and Democrats draw up their campaign platforms.

Democratic platform drafters meet in Chicago Aug. 6; Republican policy-writers assemble in San Francisco Aug. 15. They meet in each case about a week before convention time.

The two instruments not only will preview the fight-provoking issues of this year's national political campaign, they will set the course for executive and congressional action over the next four years. Any successful candidate for national office this year must live up to or live with his party's platform principles.

Here's a preview of the Democratic and Republican platforms.

They have special significance this year in light of the possible election of a Republican President and a Democratic-controlled Congress. In such a bipartisan atmosphere the aims of both parties could bear fruit in the next few years. There could be some plums for business—and some lemons.

The platform is necessarily an amalgam of the diverse views within a political organization. Its lofty promises sometimes aren't kept. But this traditional instrument does embody party philosophy, and scattered throughout its declarations are pledges for action in a number of fields.

Though no one knows what the exact language of each platform will be, the philosophy, sense and tone of planks vital to business can be disclosed on the basis of known party principles and interviews by NATION'S BUSINESS with political experts and veteran lawmakers who helped write the 1952 platform.

Democratic strategists feel sure the dominant theme of their platform this year will proclaim government for the people—all the people. Around this could be built an attack on Republican bias toward big business. The document will call for increased welfare benefits, more federal projects to develop natural resources, new aids for small business and the farmer, a restriction of mergers and monopoly threats, possibly a broad-base tax cut and better international policies.

The Republican platform can be expected to acclaim the end of war in Korea and the waging of peace since Korea. It will claim G.O.P. credit for the greatest prosperity in history, tax cuts, a balanced budget, a stabilized dollar, decentralization of power in Washington, restricted government regulations and advancement of minority rights.

"We will be guided by the principals of Lincoln as interpreted by Eisenhower," promises Sen. Prescott Bush, Connecticut Republican who will head the Committee on Resolutions.

"Let the government do for the people only what they can't do for themselves. In dealing with people, be liberal, be human; but in dealing with government and money be conservative," the senator said. He added: "This isn't going to be a big businessman's platform just because I was a business executive for 30 years." Mr. Bush was a partner of Brown Brothers Harriman & Co., bankers, and a director of the Columbia Broadcasting System and other corporations.

He predicted that the platform will promise to create a good atmosphere for all business and to remove any handicaps for small business.

The 1956 Democratic platform will be drafted first. The Committee on Resolutions and Platform is made up of a man and woman delegate from

LOOK AT PLATFORMS

each state and territory. Headed by Rep. John W. McCormack of Massachusetts, it will hear proposals of organizations seeking specific planks.

Subcommittees then will work on particular planks. Finally a drafting committee will hammer out the wording. This powerful unit is composed of politicians representing varied viewpoints within the party. It is picked by the national party chairman with the advice of leading candidates. The proposed platform traditionally is presented to the convention for adoption before balloting to select a presidential nominee begins.

Drafting the platform is an irksome job. In the tense drafting sessions, the wording of what later may appear as dull passages tries the emotions. The strain caused one man to cry at such a session in 1952.

This year, fashioning the platform promises to be as tedious and ticklish as ever, particularly for the Democrats. This seems true because of the nature of the economic boom, the unrest stirred by the school integration issue and the apparent encroachment of the Republicans on Democratic philosophy in the field of social welfare. Those will be but a few of the issues the politicians will consider at Chicago's Conrad Hilton Hotel.

The Republican Committee on Resolutions, which will write its party's platform, also is composed of a man and woman delegate from each state and territory. When it meets in San Francisco's Palace Hotel it will have the edge on the Democrats. The G.O.P. will know the wording of the Democratic platform as well as the candidate nominated.

Here's a condensation of probable major planks of each platform:

Prosperity

Democrat: The platform undoubtedly will blast the economic boom as top-heavy prosperity. It will state the Democratic belief that the key to prosperity is to keep mass purchasing power high. By making sure there is enough money in the pockets of not only the corporation executives, but also the farmer, laborer, small businessman and consumer, an expanding market is assured. Mass demand is what spurs business to produce.

To counter the G.O.P. prosperity theme, the Democratic platform is likely to state that the number of businesses increased more under the Truman Administration than under the Eisenhower Administration, there was more investment in plant and equipment, the rate of business failures was lower and total output was greater.

It may charge that corporations' profits and stockholders' income have soared above workers' income and farm prices.

While the over-all cost of living has held steady under the Republicans, the cost of housing, rent, gas, electricity, medical care, furniture and kitchen appliances have risen since 1952.

Republican: The platform will declare that prosperity has soared to record peaks, with the Gross National Product reaching the \$400 billion rate despite the difficulty of shifting to a peacetime economy. It probably will declare that expanding income has been widely shared, with more people having more money to spend than they ever had under the Democrats.

Despite the Democrats' prediction of runaway inflation, it will say the Administration freed the economy of controls and held prices stable.

American enterprise and initiative have been given free rein, allowing business of all sizes to expand and prosper and stimulating investment. The Administration has launched a program of getting the government out of competition with private industry and will continue the drive in this field.

Foreign policy and defense

Democrat: The platform undoubtedly will pledge unceasing efforts to avert another world war, stating a belief that peace and security can be achieved if the United States sticks to policies laid down by past Democratic Administrations, particularly collective treaties with other free na-

EXPECTED REPUBLICAN KEYNOTES



*Greatest prosperity
in history*



*Encourage private
enterprise, initiative*



*Proclaim waging
of peace*



*Limit government
regulations*



Stabilized dollar



Balanced budget



*Decentralized
power in Washington*



Cut taxes for all



*Partnership approach
to develop resources*



*Reduce national
debt*

PRE-CONVENTION PLATFORMS

continued

Prosperity

DEMOCRAT:

Mass purchasing power is key to prosperity, not trickle-down policy of spurring business to create supply

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Prosperity is assured when economic controls are kept at minimum, encouraging business to produce

Foreign Policy

DEMOCRAT:

Free world pacts with other free nations initiated by Democrats and specific policies are urgently needed to keep peace, attain international understanding, disarmament

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Peace achieved under G.O.P. will be continued as will drive for disarmament, but guard will be kept up until Reds show good intentions by deeds

tions. It may call for specific proposals for Middle East trouble spots. The plank may contend that the Republicans have played politics with foreign policy, have not recognized the spread of communist influence, have abandoned a bipartisan approach to foreign affairs and have followed a course of optimistic drifting.

The plank surely will pledge continued support and strengthening of the United Nations, and note that the United States through this organization moved swiftly to repel Red aggression in Korea. The party will promise to strive for disarmament, better international understanding of American aims and principles and broader use of United States funds and skills in undeveloped countries, along with expanded trade among free nations.

Republican: The platform will probably say the collective defense policy which warns that aggression will face united free world action has stalled communist military expansion, restored freedom to some communist-dominated areas and diminished the danger of nuclear war. It may brand the Democratic party as the "war party."

Gaps in collective defense have been filled. Agreements have been signed with friendly countries for exchange of atomic information and nuclear materials. Republicans will continue to strive for disarmament, it may say, through the cabinet-level post created for a "secretary of peace."

The platform probably will propose increased flexible authority to meet the new Soviet economic offensive. It could also cite expansion of international trade and new emphasis on technical aid programs for local self-help, G.O.P. National Committee officials say.

The plank may take note of Secretary of State Dulles' visits to scores of nations along with the visits from dozens of foreign dignitaries as a method of promoting understanding and keeping prestige. It will pledge continued support of the United Nations.

Defense

Democrat: Likely to be pledged are full defense preparedness with development of nuclear weapons, superior air power and intercontinental missiles, along with adequate forces to meet any kind of warfare. Some change in procurement methods to promote more competitive bidding and more defense business for small firms may be proposed.

Republican: The G.O.P. probably will say it has achieved the greatest preparedness in peacetime history with efficiency and economy. Its new policy of being prepared for a long period of uncertainty rather than setting arbitrary dates of possible attacks, it can say, permits flexibility to conduct research.

The plank will probably say that guided missile research and production are being given top priority and U. S. air power is equipped to retaliate massively, despite Democratic charges of inadequate air power. President Eisenhower's military knowledge could be cited in planning defense.

Labor

Democrat: The platform will cite legislation favorable to labor that has been enacted in past Democratic years as well as recent measures to help labor, such as the increase in the minimum wage to \$1, whereas President Eisenhower favored a hike to only 90 cents.

The Administration will be criticized as antilabor whereas the Democratic party will be pictured as labor's friend. The Democrats, the plank may say, will guard against the threat to jobs posed by technological advances in industry. Specific promises may be made to deal with surplus labor areas. Improved labor standards and assurance of better wages and hours probably will be called for.

Democratic leaders, according to Senate Labor Committee member Herbert H. Lehman of New York, are uncertain whether the 1956 platform will call for outright repeal of the Taft-Hartley law as did the 1952 document; but some revisions surely will be promised. The labor plank may propose, for example, methods for allowing the President to deal effectively with breakdowns in collective bargaining.

Republican: The platform is sure to remind labor that employment has reached its highest peak under the Republicans—an average of 63.2 million jobs in 1955—and that wages hit record highs—averaging nearly 13 per cent higher last year than in 1952.

The labor plank probably will cite fewer strikes in the past few years than under Truman as proof of the soundness of the Taft-Hartley law when properly administered. It may note that the minimum wage was raised to \$1, that labor standards laws have been vigorously enforced and that the Railroad Retirement and Unemployment Insurance Acts were liberalized.

The plank may declare the philosophy that the G.O.P. approaches the problem of unemployment not by wholesale spending to make jobs but by specific programs to increase employment opportunities for specific groups such as older workers, veterans, women, people in certain heavy unemployment areas, racial minorities and the physically handicapped. It may praise the value of free unionism, avoidance of governmental interference and promise a continued government hands-off policy.

Improvements in unemployment insurance, workmen's compensation and disability insurance normally are best achieved through action by state legislatures rather than by the federal government, the plank may say. It is likely to add, however, that a model workmen's compensation law has been prepared by the Labor Department to improve this particular area.

Agriculture

Democrat: The platform will probably declare that the farmer's prosperity is vital to the nation's prosperity, and with depressed farm prices there is no true national prosperity.

The restoration of high farm price supports and a "more sympathetic administration" of farm laws will be promised, Democratic planners say.

The farm plank will note that farm income has plunged \$1 billion and argue that lower price supports have brought more rather than less production. It may be recalled that Democrats started soil conservation, REA and farmer loans. The Administration may be taken to task for failing to approve the first farm bill Congress passed this spring, and the enacted version will probably be lauded.

More help for the small farmer and enlarged programs of farm credit, research, marketing and crop insurance will surely be pledged and possibly some form of the Brannan plan.

Republican: The platform will defend the flexible price support program backed by the Administration to try to bring supply and demand into balance and shrink surpluses.

President Eisenhower's administrative action to boost farm prices by increasing price supports on several commodities when the Soil Bank program was not approved by Congress in time for this year's spring planting may be emphasized.

The plank also may recount the President's veto of the first Democratic-backed farm bill this year, charging the legislation was political.

Probably the plank will note that efforts have been made to regain farm export markets to dispose of surpluses, that credit programs, grain storage facilities and research have been expanded. Undoubtedly the plank will note that much of the decline in farm prices occurred under the Democrats.

Taxes

Democrat: This plank may describe the party's stand for fair and equitable taxes based on ability to pay. It probably will promise a tax reduction for lower income taxpayers and relief for small concerns. A broad-base tax cut, it may say, is justified particularly in the light of the 1954 tax bill which benefited big business. It may charge that the Eisenhower tax bill gave 73 cents out of every tax-cut dollar to the corporations and only nine cents to families making less than \$5,000 a year, and that the Republicans in Congress killed the Democratic-backed "tax cut for everyone."

Republican: The platform certainly will recall that the American people got the largest tax cut in history—\$7.4 billion a year—starting in 1954, and declare that 62 per cent of the reduction went to individuals and only 38 per cent to corporations.

The tax laws were revised and codified to distribute the tax burden more fairly, the G.O.P. will say, noting bigger medical deductions, relief for working mothers, retired people, partial relief from double taxation of dividends and liberalized depreciation rules. Excise taxes also were cut on some items, giving folks more spending money.

The Democrats will undoubtedly be scored (Continued on page 88)

Defense

DEMOCRAT:

The nation must have greater power in planes and missiles to meet Russian air superiority threat

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Full preparedness, attained with efficiency and economy, will be continued on long-term basis



Labor

DEMOCRAT:

As long-time friend of labor, Democrats will guarantee better wages, hours, working conditions and benefits for working man

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Continued high prosperity, wages, jobs and management-labor peace are assured under G.O.P.



U.S. business can



AN EXCLUSIVE INTERVIEW

That's view of Assistant Secretary of Commerce Harold C. McClellan who sees Russia switching emphasis to economic subversion as strategy to wreck U.S. economy and dominate world

Mr. McClellan, what's behind the Soviet Union's new interest in expanding world trade?

The communists are challenging us in fields where we excel. This is clearly a new international game of matching economic wits.

Immediately at stake are awakening millions of people in the underdeveloped areas and the vast potential markets which they represent. Russia wants these people, their trade, and their sympathy.

Do you consider it a new phase of the cold war?

Yes. This is a brand new phase of the East-West struggle and one as threatening to free world security as the stockpiling of weapons.

Can American business help win this new struggle with communism?

No question of it at all. American business will be required to.

The communists will stress the use of economic weapons—rather than raw military force—to advance the drive for world domination. The United States and our allies will have to counter it with equally bold and intelligent action.

Businessmen will play perhaps the most important individual role in our strategy. They should feel at home in this battle because it involves things they know

well—trade, competition for markets, the dissemination of economic ideas.

It will take the best we have in terms of industrial know-how, trading experience, economic ideology, and just plain business sense to beat back this Red economic offensive. But I am confident that it will be turned back.

American businessmen aren't generally aware of the extent to which they are involved in international trade. It may be second or third hand away, but the connection is there.

Some of the facts are surprising. Look at the inland states which once were strongly isolationist in their thinking; today you will find businessmen in those areas laying plans for international trade which will be increased by development of the St. Lawrence Seaway.

Take a landlocked state—Utah. Firms in that state do an annual foreign export business of about \$25 million.

In Salt Lake City recently a businessman told me that he was amazed at the amount of business which hinges on international trade. I asked him what business he was in and he said he was a florist. I asked him where he got his tulip bulbs. He thought for a moment and said with some surprise, "I get them from Holland."

stop new Red threat

What has brought on Russia's new policy?

The Soviet rulers have been largely forced into it. They are aware that the risk of nuclear war is too great. This awareness, coupled with nagging pressures at home, has caused the communists to switch techniques.

They have learned that trade can be used to influence populations very strongly.

They realize that the people of the underdeveloped countries—which I call growth countries—want rapid economic and social progress. They want enough to eat, better clothing, better housing.

So the communists capitalize on these desires?

Exactly. They are using economic trade and aid offers—and propaganda—to persuade the growth nations that their goals and aspirations can be achieved overnight.

If the countries swallow this bait it should be relatively easy to snare them politically later on.

That's the battle we face.

Our objective is to help other countries help themselves increase their own standards of living, rebuild their economies where they have suffered because of war damage, and thus make them stronger friends of the United States.

We are willing to help these countries even if it means that they eventually will compete with us in international markets.

Our most pressing problem is to teach the growth nations that economic progress does not come in a hurry. There are no easy short cuts—as the Russians would have them believe.

What specific methods are the communists using?

The U.S. program has been to go out as a doctor and cure the patient. That sometimes calls for pretty bitter medicine. We have applied it in rather severe doses on many occasions, and perhaps in a forthright manner.

Russia, on the other hand, has gone out as a doctor who sees for his purposes the need only to make the children happy and friendly. So he gives them candy, which tastes good and may make them very cordial.

Can you cite some examples of this new Soviet economic penetration?

One illustration is Afghanistan, where the Reds have done a dramatic thing in helping the people with roads, which are an obvious and immediate need.

Another is the Aswan High Dam in Egypt, which the communists have offered to finance; a third is the steel plant Russia offered to build in India. The Russians have promised a great deal and they seem to be getting a great deal of credit for it.

Sometimes it seems that they can get more credit for the mere shadow of a promise than we can get for a rather large grant.

Communists promise things that have the broadest possible appeal. That's the peppermint candy technique. We seek basic cures. (Continued on next page)

TOP SOVIET ECONOMIC MINISTER SAYS THIS:

The world is big enough for economic competition—without war.

This assertion was made by Russia's new top economic minister to the United States during an exclusive NATION'S BUSINESS interview conducted at the Soviet Embassy in Washington.

The new minister, Mikhail A. Chekmarev, said:

"The world is big enough and has enough untouched markets for the United States and the Soviet Union to engage in spirited economic competition without war."

Also present at the Soviet Embassy interview was Dmitri I. Kostyukhin, Commercial Counselor of the Soviet Embassy.

The two Russian officials responded with eagerness to the NATION'S BUSINESS questions. They called on this country to modify its Mutual Defense Control Act, also known as the Battle Act, as an important step toward widening trade between Russia and the U. S.

Present trade between the two nations is piddlingly small, both men asserted. They blame clauses in the Battle Act, first passed in 1951, which prohibit U. S. firms from trading any goods of a strategic character with the Soviet bloc.

"The Soviet Union wants more trade with America," Mr. Chekmarev declared.

"But it must be trade on a mutually advantageous basis. We have many things we would like to sell to you and many things which we would like to buy from you—especially some of your machinery, which is of high quality."

"Russia," he continued, "is a great potential market for American companies. But we refuse to trade manganese for toys."

Charges that they are copying American machines and equipment are unfounded, the two Russian officials claimed.

They asked to be excused from answering questions on patents, saying that it is a technical matter and one about which they have insufficient information to speak for the Soviet Union.

Mr. Kostyukhin said Russia desires to exchange atomic industrial know-how with the United States. Negotiations, he said, are in progress.

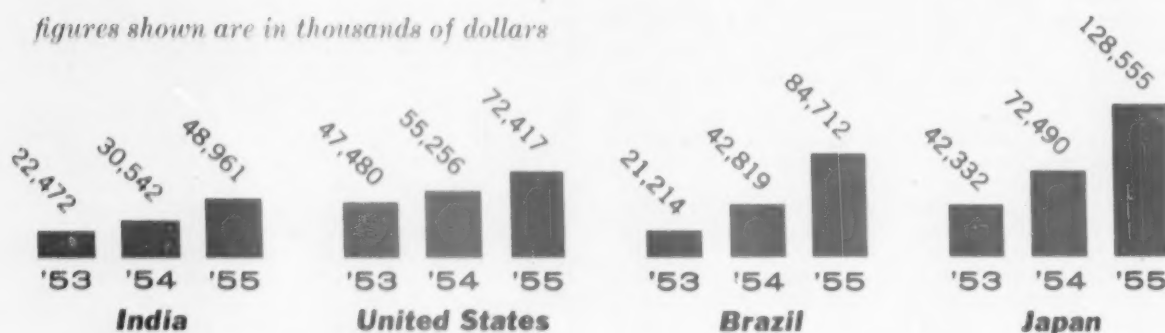
Mr. Chekmarev denied that the Soviet Union's growing trade overtures to the underdeveloped nations have any political strings attached.

He said: "We're not trying to push our system of government and economic beliefs down anyone's throat. We think our way is better than yours, of course, but we don't want to force it on anyone."

They said the U. S. should take the initiative in laying the groundwork for better basic conditions and suggested the possibility that if this were done Ivan Kabanov, Russia's Minister of Foreign Trade, might come to Washington to conduct high-level trade talks with our own State and Commerce Departments.

Soviet drive to gain economic grip on free world challenges U. S. in fields where we excel—trade, competition for markets, dissemination of economic ideas. Businessmen will play important role in U. S. strategy. Tables show how communist bloc countries are stepping up trade penetration of free world

figures shown are in thousands of dollars



Why do they get more credit for their help than we do?

The U. S. is regarded as a wealthy country. It is hard for less fortunate countries to accept even our most generous offers with the best of grace. They suspect us of being selfish and having purposes other than those we announce.

Russia is not burdened with a wealth identity.

You can see this story unfolding almost daily in the newspapers. Look for communist trade overtures in Latin America, Asia, the Near East, Africa. You may see a communist offer to buy rice from Burma, cotton from Egypt—anything which a country needs to sell.

You'll see more of that sort of thing in the months ahead.

Does the communist world trade move offer any new markets for Americans?

If the Russians trade with us, we, in turn, will trade with them. If we can ever achieve the goals that I think every peace-loving citizen would like to see achieved, the Iron Curtain will some day be torn down and we will be doing business on a friendly basis with people we can trust and who can trust us.

That, of course, will create a tremendous market for American goods.

However, so far, Russia trades for only two reasons, to satisfy its own needs and to achieve political objectives.

Therefore, its trade isn't just a matter of price and cost and profit. It is a matter of whatever it takes to get the business, and that is not fair competition. It is difficult to meet. It seems clear to me that competition in world markets today from the satellite countries is a difficult challenge and not a constructive

force in the development of world trade on a practical basis.

There are other elements in it, though, that I think are favorable. It is pretty difficult to have a country the size of Russia or a group of countries the size of the European communist bloc so controlled at the top that their thinking and attitude can be completely dominated very long, once the commercial patterns of trade develop.

I think that, no matter what their purposes in developing trade may be, the attitudes will improve as understanding develops.

Do you see growing interest among businessmen for additional trade with the communist bloc?

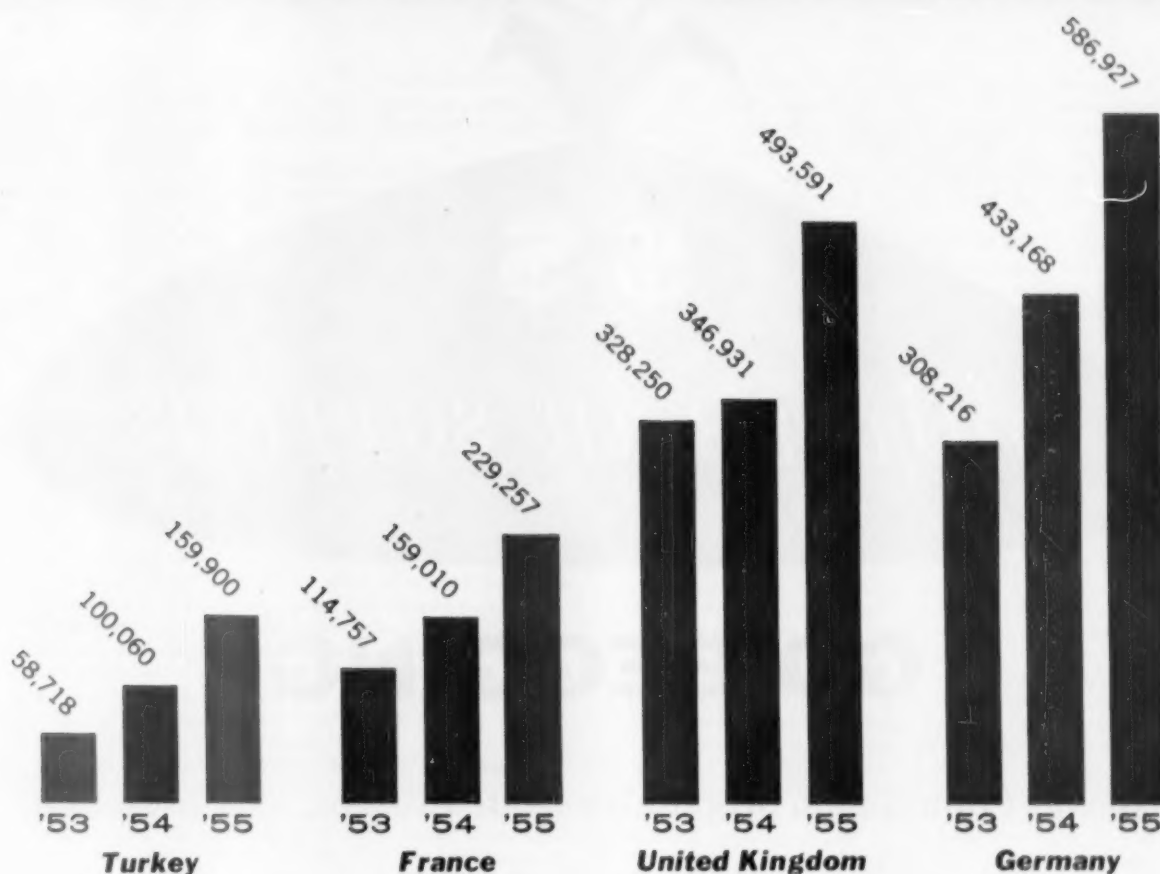
Although different companies have been interested from time to time in special projects, most American businessmen see little reason to be optimistic about doing business in Russia. There are several reasons.

In the first place, the Reds don't recognize our patents. Sales to Russia, up to this time, don't seem to constitute the development of trade in the normal sense at all. You don't get customers. If you get an order, it merely means you have made a sale. You are likely to find that they have merely bought an item only to reproduce it and sell it themselves.

Can U. S. firms afford to take such orders?

I have asked some American manufacturers that question and the answer is pretty much like this: If your product has world-wide distribution, it already is available somewhere if the communists want to buy it. There is no way to keep it from them. You might as well make the sale yourself.

I think there is compelling reason to go ahead and do such business, provided that the goods are non-



strategic, not in short supply, and are readily available in other countries' markets.

Also, I have found no American businessmen frightened at the prospect that Russia will reproduce their prototype and then out-produce them on a competitive basis.

Is there any indication that Russia may want to honor our patents?

I have seen no indication of that. The day undoubtedly will come when we will have the kind of trade relations with Russia and with other communist countries that we now have with friendly nations, but it may be a long time coming.

Can American business compete with goods produced by slave labor?

That is a basic question on the values of American philosophy of free enterprise as compared to the Russian concept of communism. If we can't—under our system of opportunity, incentive and reward—out-produce and out-compete a system of slave labor, then we have missed something somewhere along the line.

It is true that the Russians today can manage their factories and their production units by their strong authority over their workers. But it is pretty obvious that they have not yet been able to achieve the efficiency or technological advances for competitive competence.

Furthermore, the communists have been out of world trade for a long time. They are inexperienced in selling industrial equipment and the general manufacturing products. That is not so true in commodities. Although they have learned a great deal so far as the trade fair exhibits are concerned, the British, the Americans, the Germans, the Italians and some others

are pretty far ahead when it comes to trading practices in the industrial world.

I don't mean that the Russians couldn't do us some harm in the marketplace (Continued on page 92)

**Total trade by Soviet bloc
in past three years shows
rapidly increasing
penetration into free
world markets**

'55 up 45% since '53

'54

'53



GO BEGGING

Hoover Commission proposals need to overcome six obstacles

SOME PROGRESS has been made, but the bulk of the job is still to be done.

That sums up the record of the Administration and Congress after a year's work on the recommendations of the second Hoover Commission on Organization of the Executive Branch of the Government. Here are some of the areas in which progress has been made:

- ▶ Some federal agencies have cut down on reports required from business, and otherwise streamlined their paperwork.
- ▶ Government procedures on surplus property disposal have been revamped for a better dollar return.
- ▶ The Defense Department has taken steps to make its procurement and transportation more efficient.
- ▶ Defense, the Veterans Administration and other agencies have disposed of some enterprises competing with business.
- ▶ Congress has acted to substitute use of commercial storage for some government warehousing and to retire federal capital in some farm credit agencies.

There are far broader areas where there has been no progress at all. Practically nothing has been done to cut back major government lending operations, as the Commission proposed.

Most forms of government competition with private firms are still thriving healthily. Defense, the VA, the Housing and Home Finance Agency and other bureaus have rejected huge chunks of the Hoover reports.

Congress, reacting in some cases to the pressures applied by groups which oppose particular sections of the report, has not only refused to enact many of the Commission's recommendations but has actually approved bills running directly counter to these recommendations.

The Commission, established in 1953, went out of business June 30, 1955. It made 314 recommendations. According to the Citizens Committee for the Hoover Report, about 30 per cent of these have so far been carried out in whole or in part. The big catch is that most of them have been carried out only in small part. Nonetheless, the Committee estimates, the recommendations already put into effect could save the taxpayers some \$500 million a year.

Backers of the Commission claim that, if all the 1955 recommendations were fully applied, taxpayers would reap a yearly saving of \$5 billion to \$6 billion. Another \$10 billion, they say, would be returned to the Treasury from the withdrawal or reduction of investments in lending agencies and from the liquidation of government enterprises competing with business.

Of the recommendations, 141 could be put into effect by administrative action alone, 122 require legislation, and 51 require both.

Most Hoover Commission partisans consider the acceptance record disappointing so far. They point out, however, that the results already obtained have returned to the Treasury hundreds of times over the \$2.7 million cost of the Commission.

Administrative actions inspired by the report include:

In the field of budget and accounting reforms, the Administration has not only backed major legislation but has set up a special accounting section in the Budget Bureau to ride herd on other federal agencies and make them improve their accounting methods. To accomplish this, the White House has asked for a substantial increase in the Bureau's accounting funds—an investment expected to provide multiple returns for the taxpayer.

Steps taken in the General Services Administration, Defense Department and other agencies have improved the federal return from utilization or sale of surplus property.

Efforts have been increased to put to use in other government agencies property declared surplus by one agency. This is aimed at ending the situation under which one agency sells property as surplus while another agency buys the same items new.

Recently, about 14.5 per cent of property declared surplus by the Defense Department has been claimed by other government groups, compared to an 11.3 per cent figure in earlier years. At the same time, the Department has been recovering slightly more than 10 per cent of the original costs of items it has had to sell as surplus, compared with only a seven per cent return earlier.

The Post Office Department claims to have eliminated some 5,000 jobs by increased mechanization and better fiscal methods instituted as a result of Hoover Commission recommendations. Post Office, the Interior Department and several other agencies have stepped up employe training programs and made other efforts to cut down personnel turnover. Attempts to reduce paperwork, especially reports from business, are being made. The Interior Department, for example, has reviewed the reports it requires from mining companies and has reduced the amount of information required in certain cases, made some reports less frequent, and eliminated others.

Some government competition with business—most of it minor competition, it should be pointed out—has been eliminated. The Defense Department has closed some 200 enterprises with a little more than 1,000 employes. The Bureau of Indian Affairs has closed ten laundries at various Indian schools and hospitals and has ordered that the work be given commercial laundries. The Alaska Railroad is selling or leasing to

private operators its commissary stores, hotels, dormitories and restaurants. The Veterans Administration has ordered its hospitals to use private firms wherever possible for baking, laundering and similar jobs. Defense and other agencies are making greater use of universities and private firms for government research work.

One area of major achievement in the Defense Department has been in the field of depot utilization. The Commission complained that one military branch would be building new warehouses or renting private warehouse space while another branch had a half-empty depot nearby. A recent Department directive requires cross-servicing of warehouse space. That means one service must use vacant warehouse space owned by other services in an area before it adds new facilities of its own. Each military service has a special unit in Washington to keep close tabs on space needs and space availability in each part of the country. This permits rapid checking among the services.

Another Defense policy is aimed at eliminating back-hauling. Often, in the past, a service has bought an item, sent it hundreds of miles to a storage depot, and then found the item was to be used only a few miles from the original purchase place. Then the service paid for an expensive haul back.

The Defense Department also has ordered improved cross-servicing in other fields. For example, the Air Force now provides hospital care for the personnel of all three services and their dependents in Alaska and England. The Navy cares for all three services in the Chicago area, and the Army for all three in Hawaii. This system is steadily being expanded. The Air Force wanted to enlarge one of its base hospitals in California. Instead, Washington ordered a nearby Navy hospital, with plenty of empty beds, to take on the extra Air Force load, and the Air Force Base Hospital—not expanded—was

(Continued on page 62)

HERE ARE THE SIX OBSTACLES

1.

Many of the Commission's most far-reaching proposals are highly controversial. They have brought out the hostility of powerful opposing groups.

2.

This is an election year and Congress and the Administration want to avoid stepping on toes by eliminating activities which many voters seem to favor.

3.

Some government officials have not cooperated because they feel that recommendations reflect on the way they are doing their jobs. Others fear loss of power, prestige.

4.

Changes that could be affected by executive order have not been pushed because of fear that anything connected with Mr. Hoover might be a liability in an election year.

5.

Differences of opinion exist on various proposals. Persons who agree generally with Commission's purpose object to specific suggestions for change.

6.

Public apathy and the failure of citizens to let Congress and the Administration know of their support has deprived the the program of needed momentum.

RAY DAVIES, vice president (for personnel) of Western Auto Supply Company, Kansas City, Mo. A former Dean of Drake University and Assistant Dean of the University of Iowa. Has done market research in New York and personnel work with Sears, Roebuck & Company. Member of board of directors of ASPA.

MARSHALL J. DIEBOLD, vice president (for personnel) of Northrup, King & Company, wholesale seedsmen, Minneapolis, Minn. Mr. Diebold is a first vice president of the American Society for Personnel Administration. He has been in the personnel field 25 years, last nine with Northrup, King.

PAUL L. MOORE, executive vice president, American Society for Personnel Administration. Former head of the department of business and industry at Michigan State University and for 15 years engaged in personnel work in industry. His longest association was with Montgomery Ward & Company.



LIEBERMAN-BLACK STAR

Hiring tips you can use

Three personnel experts tell you how to find good workers, how to hire them, keep them

A Nation's Business interview

What is today's biggest employment problem?

MR. MOORE: We are in the midst of a seller's market in personnel hiring. Competition for workers in most classifications has never been more intense.

MR. DAVIES: That's absolutely correct. I would add that recruiting and hiring of personnel today is more important than at any time in the 25 years I have been in personnel administration.

Some might say that recruiting personnel during the peak shortages of World War II was more difficult but, during that period, employment was for immediate or at least short-

range objectives. Today the objective is to supply not only immediate needs but requirements projecting years into the future during a period of change in the quality and type of job content. This long-range qualitative factor is superimposed on a shortage of manpower in many categories as great as or greater than that existing in wartime.

Unheard of starting salaries for technically skilled people are the order of the day. Companies offer to pay educational expenses for those who want to continue schooling while they work. Favorable geographic location, climate, and recreational facilities are stressed. Housing is provided in some cases.

Many companies are even stockpiling more people than they actually need at the moment.

When manpower was less scarce, the principal competition was in the fields of price, quality and availability. Under present conditions, a fourth area of competition has been added, that of manpower. The competition between companies may be won or lost in the area of men and the management of men.

MR. DIEBOLD: I would like to add one note: The wage schedule is an important factor now, because unless a firm is competitive with wages in its area it will find it impossible to recruit competent employees.

MOORE: It is true that in many situations you will have difficulty getting good people unless your rates are competitive, but many factors other than wages are involved in successful employment. In some instances companies with lower than average wage rates have been quite successful in employing people.

Then it will take more than just a strong wage offer to get workers you want?

MOORE: Yes, I think that's a fair statement.

How can a company best lay the groundwork for getting the most competent new workers?

DAVIES: A company can do a number of things to place itself in a favorable light. One of the most important is a sound public relations program. A company which enjoys a good press, is active in community affairs and represented in local business and professional groups, which is widely publicized as a good place to work because of fair treatment, liberal benefits and progressive concepts, definitely has an advantage.

MOORE: A reputation as a good place to work is very important, it seems to me. The reaction of the new worker is of particular significance because when a new worker finishes his first day on the job he goes home with a hot topic of conversation—his opinion of the people he is working for and with. He is going to say that the supervisor is either a pretty good Joe or an old so-and-so, but he is going to put him in there some place. It doesn't stop there. The folks at home, the girl friend, pass the word on. So, companies get a reputation, good or bad, in the community. This is a big factor in their success in employing people.

DIEBOLD: A company enjoying the the reputation of good production and a high level of sales also has a distinct advantage in hiring today. No one wants to work for a company which does not promise a bright future.

MOORE: Many companies today are failing to use their own workers in recruiting. In a tight labor market, I think it is advisable for companies to urge their employees to suggest that their friends apply for work at the place where they are employed. Some companies use a little introduction card, signed by the employee. This can be a most effective device. I think that applies both to quality and quantity of employees.

DIEBOLD: There are other sources to which a company can turn, and here I have clerical and junior-grade executive personnel in mind especially. State, private and fraternal employ-

ment services can be good sources for top-flight job candidates. Churches, too, are beginning to emerge as good sources. Some clergymen are taking an active part in finding jobs for members of their congregation. But more and more employers of top clerical and junior executive personnel are relying on private employment services.

MOORE: Advertising is an effective means of attracting good job candidates. But a company should first investigate the various media available. Sometimes one form of advertising produces better results than another. Experience will be a helpful guide in shaping the decision to advertise.

DIEBOLD: Additional sources are high school counselors, universities and colleges, and in many communities the high school co-op plan. That's the program in which the student goes to school in the morning and works part-time in the afternoon or evening. It's a desirable source because the youngsters who have worked for you part-time are ready to take over full job responsibility when they graduate.

How much recruiting should a company do in high schools and colleges, and what steps should it take if it contemplates this type of recruiting?

DIEBOLD: That would depend entirely on your needs. A simple first step is to be in touch with the placement services of colleges and universities that may be graduating students in fields applicable to your industry. I think it is important that the company's personnel department maintain a friendly contact with the placement service, the same kind of cordial relationship the sales or advertising or research department maintains with other departments of a university.

MOORE: One of my friends in the paper industry has made a point of getting acquainted with all the major professors in the university department that is concerned with packaging. This contact has helped him line up people trained for that kind of work. Getting to know professors is important. It also is important to develop friendships with graduate students; their influence in some instances even surpasses that of the placement office.

DIEBOLD: It's also a good idea to attend meetings of trade associations in your field. Valuable contacts for locating personnel can be made at such meetings.

Hasn't industry been criticized regarding campus recruiting?

MOORE: Yes, there have been criti-

cisms. Some students have said company interviewers often showed inadequate knowledge of what the jobs they were offering would involve; that the interviewers sometimes were curt, that they failed to keep appointments and failed to follow up initial contacts.

In this connection I think we should admit that personnel administration is a relatively new profession and the number of qualified individuals in all phases of it is not what it should be. Further development and additional training of people in this field is needed.

DAVIES: It should be remembered, too, that campus recruiting has become a big thing. Thousands of interviewers are going the rounds. I think occasional inefficiency is characteristic of any activity in which large numbers of people are engaged.

In regard to the point about the amount of recruiting a firm should do: Vocational counselors in schools—and we work with them as early as the junior year in high school these days—can be a wonderful contact. Most of them are doing a splendid job for youth, so far as past and immediate job requirements are concerned. But they need information from industry. Giving them the information they need to assess future demands in the employment field should be part of every progressive firm's public relations program.

Assuming a company has found some desirable prospects, how should it go about making sure that these candidates will accept the positions offered?

MOORE: The applicant is going to judge the company on the basis of the people who interview him. So, step one is to put the applicant at ease. In most instances he is inclined to be nervous. He is in strange surroundings, the interviewer is a complete stranger, and the applicant wants to put his best foot forward.

In view of these factors, the interviewer should take care not to put the applicant off balance. A friendly smile, a compliment, and, above all, attentive listening will help to make the candidate feel at home.

The job candidate should be encouraged to talk about things that are important to him.

What should the interviewer tell the candidate?

MOORE: He should give the applicant a straightforward explanation of things he might be expected to want to know about the company. He should encourage questions. A thorough coverage of the advantages which the job offers is important. In the final analysis, it is

(Continued on page 52)

HOW'S BUSINESS? today's

An authoritative report by the staff of The Chamber of Commerce of the United States

AGRICULTURE

Higher wage rates and tighter supply of farm labor will continue to push American farmers to increase their productive efficiency with a minimum of labor.

According to the U. S. Department of Agriculture's "Farm Cost Situation," the wage rate for hired labor has increased 300 per cent since 1940. Farm wage rates are already four per cent higher than a year ago.

In an effort to hold down their labor expenses, farmers have expanded their productive units. The Census of Agriculture reveals that the total number of farms has dropped by 11 per cent from 1950. However, the number of larger commercial farms which are better equipped with labor-saving machinery has increased.

Further evidence of production efficiency is found in the Department's 1956 annual summary of "Changes in Production and Efficiency." The rate of production per man-hour for the total 1955 farm output rose to 132 per cent of the 1947-49 average, six points over 1954. One farm worker now produces enough to support nearly 20 persons, including himself.

CONSTRUCTION

When the President signed the Highway Act of 1956, a comprehensive, multibillion dollar national highway program at last became a reality after years of discussion. The Act provides for completion of the interstate system connecting our major cities as well as continuance at accelerated rates of regular federally aided programs.

Highway expenditures this year are expected to exceed \$5 billion and within five years to reach an annual outlay of \$8 billion.

The direct impacts on construction for men, material, and equipment will be enormous but, generally, they can be met without undue strain on our resources.

Challenging, also, are the secondary impacts. New land opened by the highways encourages suburban development and facilities for new neighborhoods, provides prime locations for shopping centers and factories. The volume of this building will reach many billions.

CREDIT & FINANCE

Increasing demand for credit has sent the price of money to its highest peak in more than 25 years and at the same time has upped the earnings of banks and other financial institutions in 1956 over the first half of 1955.

Prospects are for more lendable funds in the second half, but it is doubted that the price of money will decline much. Normally business loans rise in the second half and this should be true this year. One exception may be felt in the sales finance company field.

The volume of loans will increase because the cost of doing business is higher. Commodity prices are rising, taxes are burdensome, and the acceleration of the corporate tax payment will force many corporations to borrow from banks.

Money rates will continue to fluctuate, depending on business activity. From now on, regardless of political developments, credit policies will be flexible in character. Low rates based on government securities are now a thing of the past.

DISTRIBUTION

Retail sales continue at high rate despite lag in automobile sales. For first half of 1956 retail sales are estimated to be about four per cent

above first half of last year. Wholesale sales are running higher . . . close to 11 per cent. Retail and wholesale inventories are also up, but do not seem out of line. Ratio of inventories to sales in auto industry continues high. However, estimates of new car stocks on July 1 indicates lowest total since last November.

Consumer income and spending continue to rise. Department of Commerce reports average personal income per family in 1955, before personal taxes, was \$5,520. After taxes the average was \$4,980. In 1955, 45 per cent of families had incomes over \$5,000 compared with 42 per cent in 1954.

Latest University of Michigan Survey of Consumer Finances indicates consumers are still optimistic, although somewhat less than a year ago. Survey also shows discounts, liberal trade-in allowances and clearance sales less important stimulants to consumer demand than in past three or four years.

FOREIGN TRADE

The postwar expansion in foreign travel accelerated during 1955, and a further increase is indicated for 1956.

Americans spent more than \$1.6 billion for foreign travel last year, about \$200 million more than in 1954. Included in the \$1.6 billion was \$200 million paid for passenger fares to foreign carriers and \$260 million to U. S. shipping companies and airlines.

Dollar exchange accruing to foreign countries totaled approximately \$1,350 million.

About 50 per cent of the money spent during 1955 by U. S. travelers in foreign countries went to Canada and Mexico, and 37 per cent to Europe and the Mediterranean area.

On each European trip Americans spent an average of \$1,529, of which \$647 went for air or sea passage and \$882 for expenditures abroad. In 1955, for the first time, more Americans traveled to Europe by air than by sea.

GOVERNMENT SPENDING

Watch for more increases in government payments to veterans.

After the war, total cost of vet-

outlook

erans' benefits moved to a peak of \$7,381 million; then down to a post-war low of \$4,256 million in 1954. This decline was due mainly to a falling off in benefit payments for veterans' education, training, and other readjustments. These hit a peak of \$2,703 million in 1949, but now are down to about \$726 million.

Meantime, the cost of compensation and pensions has been rising. Since World War II the program of disability pensions has been enlarged as to both coverage and rates. This cost has gone up from a post-war figure of about \$2 billion to an estimated \$3 billion for 1957, and the end is not yet.

In addition to payments for war-incurred disabilities, the law has been expanded to provide payments to totally disabled veterans whose disabilities are not due to war.

A bill which passed the House late in June would again increase the rates of these various pensions, and provide for "disability" payments to all World War I veterans at age 65.

The drive for general veterans' pensions is on.

LABOR

With the Supreme Court and Congress in adjournment, it is a good time to ponder what has been happening on the problem of federal-state authority in labor relations. A most important question has been whether the court cases which have ruled one after another in favor of federal power would finally deny state administrative bodies and courts authority to maintain law and order.

In the so-called Kohler case the Supreme Court held that a Wisconsin state board had authority to ban mass picketing, violence, and overt threats of violence. The court's decision referred to the states as "the natural guardians of the public against violence."

In another case, the Louisiana Courts undertook to enjoin the United Mine Workers from picketing for recognition on the ground that its officers had not filed required noncommunist affidavits. A majority of the employees had signed with this union. The Supreme Court struck down the injunction.

These two cases show how the Supreme Court can allow or deny



STEINHEIMER

state authority under present law. Such uncertainty ought to be clarified by action of Congress. Congress has looked at some legislation, and will probably give it further attention next year.

NATURAL RESOURCES

Enactment by Congress of the bill extending the Water Pollution Control Act will increase pressure on industries dumping their wastes into streams to install pollution abatement works.

While responsibility for enforcing pollution abatement still rests largely with the states, the new legislation shortens the steps necessary before the authority of the federal government can be brought in. In the case of interstate streams, federal authority can be evoked at the request of any state concerned. Under the previous law consent of both the state being polluted and the state doing the pollution was needed.

The law authorizes an annual appropriation of \$3 million for five years for grants to state water pollution agencies to make plans to prevent and control pollution. Also authorized are appropriations of \$50 million for 10 years for grants to interstate agencies, states, and municipalities for sharing the cost of sewage treatment plants.

Federal participation in construction costs is limited to 30 per cent or \$250,000 on each project, whichever is smaller.

TAXATION

We have now witnessed the incredible. In a presidential election year in which the budget was not only balanced but actually showed a substantial surplus, the Congress has refrained from passing any major tax legislation.

Excepting only the new taxes imposed to finance the big highway

program and extension of the corporate and excise rates, tax bills passed, or even seriously considered, have been relatively minor or restricted in scope and effect.

All proposals for tax reduction were shunted aside and even the relatively noncontroversial program for revision of technical and administrative provisions of the excise tax laws languished in committee long after the usual deadline for successful handling.

Both business and government agreed on the need for this revision and the general form it should take. But despite this recognition of basic faults in existing law the bill was not reported in time for passage. It now remains for the next Congress to carry the work through.

TRANSPORTATION

The transportation industry faces the second half of 1956 with confidence tempered with a few qualifications. The confidence stems from the generally high level of the economy which is reflected in first-half gains for almost all transportation.

The qualifications vary. Perhaps the biggest uncertainty is steel. In the first half, steel shortages delayed construction of freight cars, pipe lines, ships and inland waterway vessels. The strike could have far reaching effects on the transportation industry in the second half.

Even with these qualifications in mind—inland waterway operators and pipe line companies expect another record-breaking year. Railroads and motor carriers report increased traffic and revenues. The shipbuilding industry anticipates a substantial work load.

Intercity buses have noted one half of one per cent increase of revenues, although passenger miles decreased by the same amount. The railroads are luring passengers with new trains and improved service.

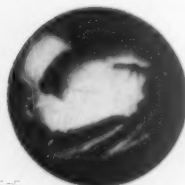


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WATCH WESTINGHOUSE
WHERE BIG THINGS ARE HAPPENING FOR YOU!

HIRING TIPS

continued from page 49

unwise to omit reference to disadvantages. If you do so you simply breed discontent and contribute to high employee turnover.

DIEBOLD: The applicant is entitled to know and should be informed concerning the top management of the company—who is running the firm—a little bit about the officers.

He should also be made aware of the personnel most closely associated with new employees.

Moreover, the applicant should be told something about the firm's growth prospects. Is it a company that has grown solely on civilian business or does it depend on government orders? Is it contracting, or expanding? The applicant should also be told something about the company's products and production. What does the company make, and how? Does the firm have peaks and valleys? Is it going to be a 52 week job or is there likely to be a layoff?

Of course, although it is listed last most of the time, this probably should come first:

What are the opportunities in the particular job in which the applicant is interested?

I believe all of these things should be covered before compensation is discussed, because if you have reached this point in the interview and the applicant is not interested or you are not interested in him, the price tag on the job is not going to do either party any good.

Then, there is literally nothing that should not be told?



"The job candidate should be encouraged to talk about things that are important to him."

DIEBOLD: That is correct.

MOORE: I think you have to qualify that a little bit. You might want to withhold information about such things as officer's salaries, for example. Or trade secrets. These are things that may not concern the new worker. I agree with Mr. Diebold in general. Laying the cards on the table is the best policy.

How important are the surroundings for the interview?

MOORE: The surroundings need not be plush. As a matter of fact, it might be a disadvantage for them to be plush. They ought to be proper, comfortable, and the interview and surroundings should indicate a businesslike atmosphere. Holding an interview off in a corner with noise and machinery making it necessary to shout certainly does nothing to contribute to a good interview or toward a good impression.

Should a man or woman conduct the interview?

MOORE: Generally speaking, it is better to have a man. This is especially true if you are screening junior executives or highly skilled people, such as engineers or scientists. On the other hand, if you are employing clerical employees, I think it can be either a man or woman. There is some advantage, I think, in having a woman conduct the interview if the job candidate is to work under a woman's supervision.

DAVIES: I'd say a woman might be the most desirable interviewer, too, in cases involving office workers, secretaries, machine operators.

Should the interview be conducted by a personnel manager or someone in the department in which the prospective-employee would work?

DIEBOLD: Here again it will depend somewhat on the type of job you are filling. As an illustration, salesmen should be recruited by the personnel department and perhaps—depending on the manager of the particular job—the one or two top applicants should be visited by the district sales manager, or the sales manager. The personnel department should do the actual hiring.

MOORE: I have strong convictions that the final selection should be made by the individual for whom the candidate is going to work. We hold the supervisor responsible for getting the work out. When we do that, it seems to me that we have to give him a free hand in selecting the people whom he feels can best serve that purpose.

In addition, there is a psychological advantage. Having the final authority for employment rest with the



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7



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—say a college graduate—will even take offense if he is kept too long in a routine job. Such people should

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HIRING TIPS

continued

supervisor tends to dispel any doubt in the new worker's mind as to who the boss is and whom he is to please.

DIEBOLD: In no situation should an applicant be placed on the payroll until he has either been interviewed by the industrial nurse or had a proper medical history or examination. I'm referring to top clerical or junior executives or sales personnel.

DAVIES: The idea of selling a candidate on going to work for a particular company seems to have arisen here. I would like to state that, in my opinion, the interviewer should maintain a position of vocational guidance in conducting the interview, rather than consciously attempting to sell all candidates on the job. If a man is not well placed he will not be a competent employee.

So I believe that the interviewer's first responsibility is to screen the candidate for his fitness to the vocational situation that he will face.

How can the interviewer be sure that he makes the proper decision in this?

DAVIES: That would come under his competence as an interviewer. The interviewer certainly should know the specifications of the job and should fit the individual into those specifications.

Is testing necessary?

DAVIES: Testing has a place in

the selection pattern—principally to raise questions as to fitness or unfitness—which can be substantiated or denied by further scrutiny into the applicant's personal life, his work record, and so on.

MOORE: A test can tell whether a person has mechanical aptitude or not. It can give us a rough measurement of his intelligence. It can tell us something about his temperament and his emotional stability. It is effective in determining the speed of the typist, for example, but I think the most important method of predicting what an individual is likely to do on a given job is what he did on his last job. Most companies, in my opinion, do not take enough time or devote enough energy to finding that out.

Now, how do we get information relative to what he did on the previous job? General letters are the least effective way. Specific questionnaires asking specific questions, such as the individual's rate of production, the quality of his production, his number of absences, things of that type, are better.

Better yet is a telephone call in which you ask specific information. The best method of all is talking to the former supervisor in person. You cannot do that on a routine job, but certainly when you get into the junior executive level that method of selection should be utilized.

DAVIES: We have found it profitable to retain an agency to conduct individual investigations. There are agencies that will make an investigation, talking not only to former employers, but to persons in the individual's community. They find out how he behaves and his standing with his neighbors, his friends, in his clubs and schools he has attended. The professional investigator is more likely to get the truth than a prospective employer. The employee, or applicant, should be informed in advance, of course, that such an investigation will be made. Another service that is being utilized more and more, particularly in the higher echelons of employment, is the use of an industrial psychologist.

How does that work?

DAVIES: This is an appraisal by a qualified industrial psychologist of the individual's basic characteristics: his emotional stability, his intelligence, character, and so on. A good industrial psychologist will be able to detect quickly any defense mechanisms which the job candidate is raising to compensate for emotional, moral or other basic personality weaknesses.

MOORE: I don't think we should leave this matter of the industrial



"If there is a union problem then certainly the job prospect should be apprised of it."

psychologist and testing without injecting a word of caution. Too frequently employers take test results developed by psychologists and accept them as the final answer.

Let me give you an illustration. A supermarket chain employed a competent consulting psychologist to give comprehensive tests to all its people considered to be promotable material. Two surprising results were produced.

First, the most able store manager—a man with the best performance in the company—came up with an I. Q. of 86, which is low, and on the profile you wouldn't think him capable of doing the job. But he is giving the job everything he has got.

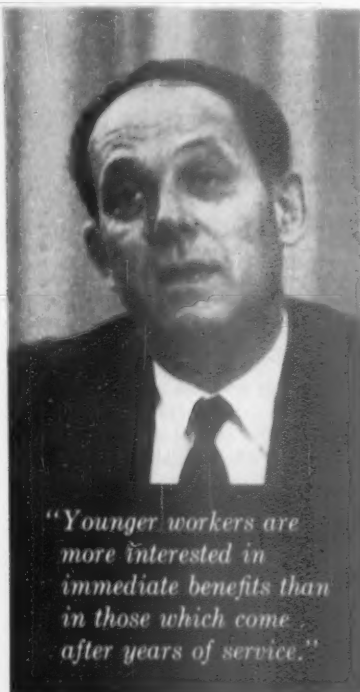
Conversely, the fellow who had the best profile has a master's degree in retailing from a major university, yet they had to fire him.

DAVIES: The best profile for a specific job may not be the best for another.

For some, an academic background is desirable. Others require an individual who is conscientious, diligent, and a hard worker, with sufficient intellect to follow the operating policies laid down for him.

MOORE: It is possible to overselect on almost any job. I know of one company which had routine operations for which it had to hire people, and it insisted that anyone whom it employed be a high school graduate. They finally realized that they were overselecting.

DAVIES: If you have a man who has a lot of intellect or aggressiveness doing routine, repetitive work he will soon become bored and leave for more interesting activity. Similarly, a man with a lot of education



"Younger workers are more interested in immediate benefits than in those which come after years of service."

—say a college graduate—will even take offense if he is kept too long in a routine job. Such people should be rotated.

DIEBOLD: It would seem unwise to subscribe to the theory that anyone is overqualified for a place in the company. He may be overqualified when he starts. If so, it is the company's responsibility to make sure it doesn't keep him in the original job too long, but moves him along to a position of greater responsibility. A firm should constantly reassess the merits of its workers to insure against freezing promotable people in jobs beneath their full ability.

Should the prospect of advancement be held out as an inducement in the initial interview?

DAVIES: Only to the extent that you believe the applicant can qualify for advancement. It must be recognized that we can't all be president. We have to have some workers down the line.

If you attempt to hire nothing but top executive material in your lower echelons you are deceiving the individual by encouraging him to think that he can achieve a higher level of employment than you feel he has the qualifications for.

MOORE: I think you have to be cautious in this connection because of the psychological human tendency for individuals to believe what they want to believe. I have known of instances in which people interpreted conservative statements as promises of promotion.

To what extent should you stress job security during the initial interview?

MOORE: I believe that, if the job is temporary, that fact should be made known. If the job is permanent and if your company has a good record with regard to layoffs, then certainly this is an important selling point.

DIEBOLD: Job security cannot be divorced from performance. So, any comment concerning security must be related to good performance on the theory that the individual who performs well will contribute to the welfare of the company and will thus make his own security. To separate the two would be a mistake.

MOORE: I think you have to keep in mind that, in certain industries, continuity of employment does not depend solely on performance, but, rather, is determined by peaks and valleys of demand for the product.

Should applicants be told of the union situation?

DAVIES: If there is a union problem then certainly the prospect should be apprised of it. He is going to

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HIRING TIPS

continued

know it sooner or later, so it's better to tell him in advance.

What specifically should he be told?

DAVIES: Whatever elements are involved.

If it is a bad situation, he should be so informed—with the company's point of view carefully and fully given.

DIEBOLD: I would add that the good aspects of any union situation should also be made clear. By all means a discussion of the union situation should be included in an honest description of the family the applicant is about to enter.

MOORE: It seems to me that companies generally do not do as thorough a job as they should in pointing out to the individual employee or applicant that his welfare, his security and permanence of employment is tied in closely with the success of the company. The company which produces better, cheaper and faster than another is going to prosper in a tough competitive situation—and will offer the greatest opportunities for all. A company would develop a more wholesome attitude toward productivity on the part of the worker if it made this clear.

What new trends or techniques are developing in personnel selection?



"The final selection should be made by the individual for whom the candidate is going to work."

DIEBOLD: A technique which is becoming more popular is the device of asking applicants to write personal histories and relying less on formal application forms. The personal history enables an applicant to get a little more into his or her specific background and training. This applies at all levels.

MOORE: A definitely useful tool is the investigation and the work history. Included in the latter, of course, are the recommendations of past employers, and their appraisals. In that connection I again want to emphasize that we need to ask specific questions and try to get objective answers, rather than opinions. By that I mean: How many times was the man absent last year? This is not a matter of opinion. It's an objective, verifiable fact.

Do you find young people entering the labor market for the first time too much concerned with security features of employment?

DAVIES: I have not noticed this.

DIEBOLD: I would say that the question of security may be uppermost in the mind of the older worker in an unorganized group. Then comes the younger worker. Young women usually aren't much concerned with the security factors. They hope to get married, leave the job eventually, and thus have no plans for long employment. Young men, on the other hand, usually aren't sure they will stay. They aren't too sure they are in the right job. So you don't find too much concern about security among the young people today.

MOORE: It has been my experience that it is rather difficult to interest young people in such security features as an insurance program. That's something that is 20, 30 or 40 years away and they can't get excited about it right now.

DIEBOLD: That's right. You'll find that younger workers are more interested in the immediate benefits than in those which come after years of service. They're interested in the number of holidays, the amount of vacation, convenience in getting to and from the place of employment—and, more and more, in whether or not the plant or office is air conditioned. If your office is not air conditioned you may encounter real difficulty in recruiting personnel.

DAVIES: Fringe benefits, such as air conditioning, are really a part of compensation. As such they have the same force as compensation. They must be adequate and competitive. Benefits that may be realized immediately or in the near future are valued greater than those set up for the long-range.



"Unless a firm is competitive with wages ... it will find it impossible to recruit competent employees."

What steps, if any, should a company take after it has hired the people it wants?

MOORE: Your work doesn't stop when the applicant takes the job. Care should be taken to get the new worker off to a good start. Orienting a new worker is a highly important step, for it is in the early days of employment that the strongest impressions of the job, the company, are formed.

One company surveyed employees who had been on the payroll for a number of years and found that the majority of them traced their present attitudes back to the first few days on the job.

Should a firm try to employ people with the right attitude, or work to develop the attitudes it wants in the people it has hired?

MOORE: I think it is some of both, but companies that have worked out a thoroughly comprehensive plan of induction do a lot toward developing favorable attitudes.

DIEBOLD: In analyzing any statistics on turnover I think it's necessary to know a little about the qualifications of those people who stay and those who leave.

Many long-service employees are long-service people not because of good wages or good working conditions but because they do not have qualifications which make them attractive to other employers.

Also, when a company does a good job in recruiting and hires top men it can expect to have a high turnover rate, because the top-flight people are the ones who are much sought after.

END

NATION'S BUSINESS • AUGUST 1956

LABOR'S PUNCH

continued from page 25

Of seven senators who sponsored the 1954 right-to-work bill, only Sen. W. M. Rainach, a farmer and company executive from the northern part of the state, was re-elected.

In the New Orleans area, labor defeated Rep. F. A. Graugnard, president of the American Sugar League, who was House floor leader and strong right-to-work advocate. They also defeated Rep. Albert Koorie, who was responsible for getting the right-to-work bill out of committee in 1954 after it was believed to have been killed.

In Baton Rouge, the state capital, the senator and representative, both for right-to-work, were defeated.

In Shreveport, however, the incumbent senator, who voted against right-to-work, was defeated by a candidate who favored the law. Labor's explanation:

The right-to-work advocate lost in the city, but was carried in by outlying farm votes.

Commenting on the fact that, in numbers, the right-to-work supporters more than held their own, Mr. Williams says: "It's not how many you beat, it's who you beat."

After the elections, the fight shifted to the State Capitol, an air-conditioned marble skyscraper built by Huey Long, the governor's brother. That's when Victor Bussie, new leader of the merged AFL-CIO state organization, went to work. Arrayed against him were representatives of the Louisiana Free Enterprise Association, Farm Bureau Federation, sugar, rice, timber and other employer groups fighting to save the right-to-work law.

Mr. Bussie's strategy was simple: Hold your forces together and divide the opposition. Legislators who had expressed friendliness toward repeal were contacted by labor to make sure that they would stay in line. On the other hand, the unity between large agricultural processors and farmers who had suffered by the strikes which preceded passage of the right-to-work law was undercut by labor's proposal to retain right-to-work protection for farm help.

Senator Rayburn introduced two bills for his union colleagues. One repealed the right-to-work law. The other restored it for agricultural laborers "on farms and plantations," but not including persons employed in transporting or processing farm crops.

The one-two strategy may not have changed the views of many farmers, and farm spokesmen de-



"I'm tempted to get a postage meter!"

Miss Gottleebe is away this week. (Mumps!) But the monthly statements must go out. J. P. Grieving, Pres. and Gen. Mgr., has been licking and sticking stamps and envelope flaps all afternoon . . . So now we have another hot prospect for a DM, the desk model postage meter . . .

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LABOR'S POLITICAL PUNCH *continued*

nounced it as phony bait to get right-to-work repealed because farmers are exempt from Taft-Hartley and don't have to bargain with unions. But it apparently eased the pressure on legislators from farm districts to vote against repeal and gave them an out if they voted for it.

Brief hearings were held on the bills, with labor abandoning rough-house tactics and mob demonstrations which boomeranged two years earlier.

The arguments:

By labor: The law enables out-of-state construction contractors to bring cheap labor into the state; it weakens labor's bargaining power and lowers living standards; it hasn't brought labor peace.

By supporters of right-to-work: Wages went up 8.6 per cent in Louisiana compared with a national average of seven per cent; employment increased 3.2 per cent and unemployment decreased one third; right-to-work hasn't hurt unions; it doesn't curb a workers' right to join unions, bargain collectively or to strike.

Labor counted heavily on the influence of the Long administration on the legislators when it came time to vote.

Mr. Long was known, personally, to be against right-to-work. In 1944 he reportedly worked for labor to defeat a right-to-work constitutional amendment. A right-to-work law was passed anyhow in 1946 by the barest majority, but Gov. Jimmie Davis vetoed it. Finally, a labor law similar to Taft-Hartley was passed, but Mr. Long got it repealed when he succeeded Davis as governor.

When the repeal bill came up for a vote, Governor Long was on the floor talking to some of the legislators privately. It passed, 57-44 in the House and 21-18 in the Senate, marking the first time there was ever a full vote of both House and Senate on any major issue.

Significantly, Sen. W. J. Cleveland, president of the Senate and a Long man, voted for repeal. He had voted for the right-to-work law in 1954 and was author of the right-to-work bill which Governor Davis vetoed in 1946. In defending his switch, he pointed out that Governor Long had said he would sign a repeal bill.

Another significant switch was by Rep. Robert Angelle, administration floor leader in the House, who came from a sugar cane parish and voted for right-to-work in 1954. Still another Long man voted against repeal in committee, but voted for it on the floor.

The second bill restoring right-to-work for farm labor passed the

House easily, but was amended in the Senate to extend the protection to workers engaged in transporting and processing farm products. The amendment was deleted in conference and the bill passed as introduced in the House, but not without repercussions inside labor.

H. L. Mitchell, president of the National Agricultural Workers' Union, charged in a telegram to Governor Long that farm workers were being used as pawns for the benefit of the big industrial unions and urged the governor to veto the farm right-to-work bill. The union has about 7,000 members, only a handful of them in Louisiana.

STATE PICTURE ON RIGHT-TO-WORK LAWS

These States Have Laws

Alabama	North Carolina
Arizona	North Dakota
Arkansas	South Dakota
Florida	South Carolina
Georgia	Tennessee
Iowa	Texas
Mississippi	Utah
Nebraska	Virginia
Nevada	

Here Repeal Efforts Are Expected

Alabama	Nebraska
Arizona	Nevada
Arkansas	North Dakota
Florida	Tennessee
Iowa	Texas
Mississippi	

Where Major Efforts To Enact Laws Are Expected

California	Missouri
Colorado	Ohio
Connecticut	Oklahoma
Illinois	Oregon
Indiana	Washington
Kansas	West Virginia
Maryland	Wisconsin
Minnesota	

States Which Have Repealed Laws

Delaware	Louisiana
New Hampshire	

Mr. Bussie, the strategist, defended the deal by pointing out that farm workers are now no worse off than they were before repeal of right-to-work, whereas the main stream of the labor movement in Louisiana will be stronger and will help the Agricultural Workers' Union get more members. Repeal would not have been possible, he said, without cooperation from farm-district legislators, and they would go along with labor only if farm workers were kept under right-to-work protection.

Right-to-work forces opposed the right-to-work for farm workers because they considered it meaningless and because they would likely lose much of their present farm support in future attempts to restore right-to-work for everybody. Senator Rainach voted for the Senate version because he feels that a little freedom for some workers is better than none; but against the final bill because he feels it leaves no right-to-work protection at all.

(Mr. Bussie is a polished lobbyist who seems to know what he is doing. The tall, slim Shreveport fire captain was observed at work on the Senate floor, moving casually from one senator to another and to the clerk's desk, businesslike yet friendly.)

Senator Rainach, who led the losing fight on the Senate floor, said in an interview that Governor Long was responsible for three votes for repeal by senators who were elected on right-to-work pledges, and that he influenced many other votes.

He felt that businessmen could have been more strongly organized and made their wishes known more fully. There was a let-down after the law was passed in 1954, he said; they became complacent.

"You've got to do your work at election time," he pointed out. "On hot issues, you don't change votes at hearings or in floor debate. You've also got to watch pressures from outside sources."

Businessmen for right-to-work seemed to lack the unity, drive and political competence that labor demonstrated in Louisiana. Their leaders point to factors which complicated and confused the situation:

Some in business are supporters of Governor Long and did not want to oppose him openly on right-to-work. Some building trades employers and small businessmen in the legislature voted for repeal.

Some national corporations having compulsory union membership contracts did not want to come out openly against them and antagonize the unions they deal with.

Some legislators opposed to right-to-work were supporting the business view on taxes, unemployment com-

pensation and other important issues, so care had to be taken not to lose their vote on those issues by urging too strongly that they go along on right-to-work.

Louisiana right-to-work advocates will fight to restore the right-to-work law; they feel that they will be stronger and get more support from business because of what happened. They will probably have to wait until 1960, unless labor strife changes the picture, because the legislators and governor serve four-year terms. It is felt, though, that pressure for re-enactment will have to come from farmers to be successful.

With labor's new strategy going along on right-to-work for farmers only—that will be difficult. **END**

Taft-Hartley Change Could Wreck Right-to-Work Laws

Organized labor seeks repeal of section 14(b) of the Taft-Hartley law because repeal of this section would virtually nullify all state right-to-work laws.

The controversial section reads:

"(b) Nothing in this Act shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any state or territory in which such execution or application is prohibited by state or territorial law."

REPRINTS of "Labor's Political Punch Scores Knockout" may be obtained for 10 cents a copy or \$7.50 per 100, post-paid, from Nation's Business, Washington 6, D.C.

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SEE CASE HISTORY ON FACING PAGE ►

BILLIONS IN SAVINGS GO BEGGING continued from page 47

designated for emergency use. Some steps taken by the Defense Department, while in response to Commis-

For types of products where the single manager system isn't used, the Pentagon is stressing "supply

Hoover Commission backers are adopting a wait-and-see attitude. They declare that the value of an

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INVOICING The tape Jeanine prepared is used by Grace, back in Billing Dept., to prepare customer invoices. Grace also cuts a tape, simultaneously, and this contains selective information for tabulating and sales analysis.



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BILLIONS IN SAVINGS GO BEGGING continued from page 47

designated for emergency use. Some steps taken by the Defense Department, while in response to Commission recommendations, are not precisely what the Commission urged. In these instances, Commission partisans disagree as to whether the changes constitute a real improvement or will merely serve in the long run to head off the basic changes urged by the Hoover group.

For example, the Commission recommended that the Secretary of Defense create in his office a new top-level civilian job, with authority to review the military requirements programmed by the Joint Chiefs of Staff. Secretary Wilson refused to do this, but instead made this a special duty of his Deputy Secretary, Reuben B. Robertson, Jr. Some Hoover Commission people say Mr. Wilson's decision is a satisfactory compromise; others call it a worthless dodge.

An even stronger difference of opinion exists on the so-called single manager system being put into effect by Defense. The Commission recommended a separate civilian supply agency directly under the Secretary of Defense to administer supply and service activities common to all the military branches. Instead of doing this, the Department is gradually instituting the single manager system, under which one service buys and distributes particular items for all the services.

The service selected as the single manager in a given field owns all the military stocks in that field. It conducts research and development, checks the requirements of the individual services against the inventory, places orders for new purchases, warehouses the supplies, distributes them to the point of final use, and, finally, disposes of any surplus. Each service buys what it needs from the single manager.

The Pentagon claims this system will accomplish all the Hoover Commission wanted—using up excess stocks, holding down new procurement, keeping inventories down to businesslike proportions, eliminating needless transportation. The single manager service will have one depot in each area, and all services in the area will get that type of supplies from that depot.

Some former officials of the Hoover group regard this system as inferior to the Commission's plan but a major improvement over the old system. Moreover, they say, the single manager idea may be a necessary first step toward the Commission-proposed supply agency.

Others brand the single manager system as a deliberate attempt to frustrate the Hoover plan.

For types of products where the single manager system isn't used, the Pentagon is stressing "supply control points." Each service will have some 40 or 50 of these, one for each group of products. Before the purchase of any item, the purchasing service must check the control points of the other services to see if they have excess stocks of this item.

A single manager concept where there is less controversy among the Hoover Commission backers is that ordered for traffic management. The Pentagon has given the Army the job of buying from private air, land and sea carriers all freight or passenger transportation needed by any of the services. Army officials are claiming this new set-up will save taxpayers at least \$60 million a year. Three Washington transportation offices and 15 field offices are being consolidated into one Washington office and five field branches, and a total staff of 2,500 is being cut to less than 1,500. It should be easier, for example, to combine less than carload lots into full carloads or several carloads into full trains, all at a savings.

A similar consolidation is under way for the military's own air transport system. In line with Hoover recommendations that competition among the air transport arms of the services be reduced and idle planes and uneconomical trips eliminated, the Pentagon is about to combine the air carrier commands of the Army, Navy and Air Force into the Air Force's Military Air Transport Service.

The Commission also recom-

Hoover Commission backers are adopting a wait-and-see attitude. They declare that the value of an industrial funding organization depends on the items included in the costs. They fear the costs assessed will be far from a realistic measure.

Progress by the executive agencies on Hoover Commission recommendations has been slow, but compared to the accomplishments in Congress, it seems lightning-fast.

Citing an earlier Citizen's Committee estimate of 22 per cent action on the Commission's recommendations, Commission member James A. Farley commented: "Here's the rub—18 per cent of these gains were made by executive action and only four per cent by legislation. By contrast with the 1949 record for a comparable period, this is deeply dismaying. Ten months after the first Commission completed its report, Congress had enacted five major laws, a number of lesser ones, and six presidential reorganization plans."

The major drive in the legislative field centered on a bill to overhaul federal budget and accounting practices.

This bill was aimed at giving Congress a better knowledge of the cost of government programs and better control over spending by shifting to a cost accounting and accrued expenditures form of budget. Sen. John Kennedy of Massachusetts, one of the sponsors of the bill, said it provided the "most important reforms in a decade" in government accounting and budget methods.

In the form finally passed by Congress, the bill includes five of the nine legislative proposals in the Commission's report, but it eliminates the provision that appropriations be related to the proposed rate of expenditure.

Savings made possible by the new bill will not come overnight. The switch will be made gradually and the full effect may not be realized for several years.

The elimination leaves the deficiency in the present system under which Congress each year votes government agencies authority to spend a certain amount of money, but doesn't say whether it's to be spent in one year, two or five. As Comptroller General Joseph Campbell put it, "As matters now stand, Congress has little control over spending once the funds are voted." Huge carryovers pile up from year to year, with the exact time of spending left to the agencies' discretion.

The present system also makes it hard for the lawmakers to know how much of current spending is for current consumption and how much

Hoover Commission Progress Report

	Recommendations
Fully implemented	13
Mostly implemented	12
Partially implemented	74
No implementation	215
Total	314

mended that MATS cut down its competition with private airlines. [See "Military Airline Outgrows Them All," NATION'S BUSINESS, June 1956.] Pentagon officials say this will come—in time. They claim much military mail has already been turned over to private carriers, and that MATS will soon stop some flights between points serviced by commercial airlines. Moreover, they say, MATS will soon be put on an industrial funding basis under which MATS will keep track of its costs, and bill each military service for the transportation provided.

for inventory building. They find it hard, if not impossible, to check on the progress of a multi-year program until the program is completed and the money gone.

Still another objection to the present system is that Congress has a hard time finding the cost of particular programs.

An unsuccessful aim of the budget and accounting bill was to bring federal practice into line with practice in most large businesses. Congress would have been required to vote money on an accrued expenditure basis. This means it would have provided each agency with the amount required to pay for goods and services actually to be received in the year ahead—whether these were received for consumption, inventory or permanent investment.

Agencies would be authorized to enter into commitments for construction, production, research or other long-term programs, but would have to come to Congress each year to get money to cover the bill under the program for that particular year. The huge carryovers would be gone.

Moreover, Congress would have a continuing and effective check on the progress of the projects for which funds are provided. An agency seeking long-term authority would have to lay out its plans for the entire period.

Each year Congress would be able to inquire whether the program was proceeding according to plan, and if not, why not. Its continuing control of funds for the program would insure prompt and responsive answers. The lawmakers would have a chance to decide to abandon or change the direction of a project that wasn't working. This type of appropriating is already used on the public works projects on the Reclamation Bureau and the Army Corps of Engineers with good effect, Commission backers say.

As the agencies shifted to an accrued expenditure budget—in fact, as a prerequisite to this—they would be instituting cost accounting. This would show exactly how much each activity was to cost in the coming year, broken down into salary, travel, supplies and other major items of expense.

A few agencies, the Atomic Energy Commission and the Bureau of the Mint, for example, are already doing this. The cost accounting system would permit Congress to make such determinations as which Veterans Administration hospitals were most efficient, which supply depots are too expensive to operate, the true cost of the farm price support program, and the like.

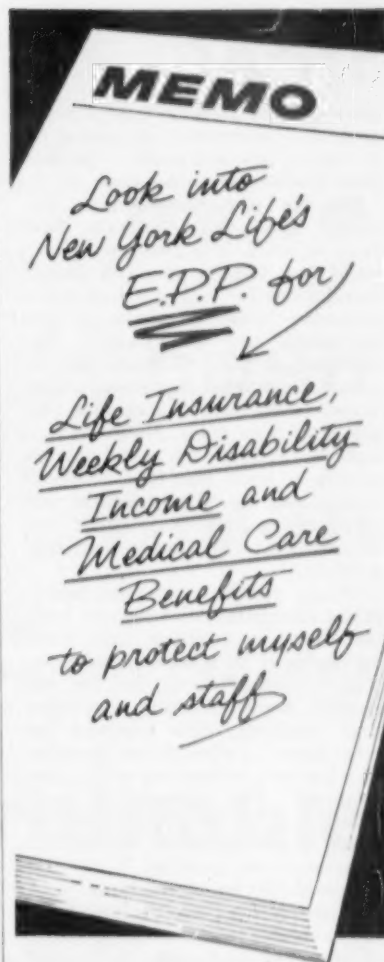
A less sweeping budget bill in line with Commission thinking and already approved by Congress would save some \$600,000 or more a year by eliminating unnecessary but previously law-required paperwork in the General Accounting Office. Still other laws already enacted would carry out Commission plans by permitting the government to use commercial storage space for the permanent warehousing of belongings of military personnel going overseas; increasing pay and retirement benefits of doctors and dentists in the armed forces; improving programs for donating surplus property to educational and charitable institutions; retiring some of the government's investment in certain farm credit organizations; and limiting veterans' dental care to service-connected disabilities.

One legislative victory this year was a negative one. A campaign led by the U. S. Chamber and other business groups persuaded Congress to end the authority given the House and Senate Appropriations Committees in 1955 to veto Defense Department plans to close down facilities competing with business.

So much for the plus side. On the minus side, from the point of view of Commission backers, there has been marked lack of congressional enthusiasm for many of the Commission's recommendations requiring legislation. Recommendations that have gotten nowhere include curtailment of government lending activities, reduction in the number of veterans hospitals, limits on medical care for nonservice connected disabilities of veterans, a user charge on inland waterways, legislation to make the Rural Electrification Administration self-supporting, and many more.

Some Commission proposals have been flatly rejected. For example, Congress declared that the Tennessee Valley Authority should use its own revenues to build additional generating capacity, while the Commission urged that TVA be required to issue revenue bonds to pay for these outlays. The lawmakers rejected the President's reorganization plan to separate the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation, a Commission plank.

Contrary to Commission recommendations, Congress has continued the veterans home loan program and has liberalized government programs to stimulate the construction of college housing and other special types of housing. The Senate voted to freeze power rates charged by the Southwestern Power Administration, while the Commission sug-



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SAVINGS

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gested higher rates on federal power projects. Government programs for extending low-cost credit to farmers were liberalized, rather than cut.

In the executive branch, too, many Commission projects have been rejected. The Defense Department has bitterly opposed recommendations for higher prices and a narrower range of goods in post exchanges and commissaries. The housing agencies, Veterans Administration and other departments have vetoed many basic Commission proposals in their fields. No move is in sight to liquidate the postal savings system, to boost loan rates for small companies, to switch certain soil conservation functions to the Corps of Engineers—all Commission suggestions.

While some government enterprises competing with private business have been closed, they have, for the most part, been minor ones. The Citizens Committee for the Hoover Report recently concluded that "relatively little progress has been made in eliminating unnecessary business enterprises of the government." For example, it said, while the Defense Department has closed or announced its intention to close some 200 facilities, it has also approved 190 for continuance.

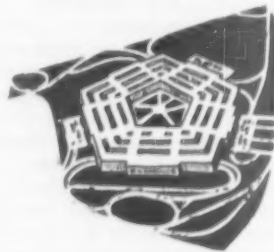
Moreover, the Committee said, "as yet no studies have been made of the more important manufacturing and industrial activities of the armed services, such as arsenals, chemical plants and shipyards. Under the Department's announced schedule, it will take two to three years to complete the analysis and review of these more important facilities."

There are half-a-dozen major reasons why the record is so poor.

1. The Commission entered a highly controversial area. This Commission went into the touchy problem of whether the government shouldn't give up certain activities and enterprises. Only 15 to 20 per cent of the Commission's recommendations are rated as being highly controversial, but these are the most far-reaching ones. They have brought out the opposition of powerful groups, and the specific objections of these groups have frequently been translated into a general hostility toward the entire Commission program.
2. This is an election-year Congress which wants to get its work done fast and to avoid stepping on toes.
3. There is opposition, or at least foot-dragging, by Administration officials. Many Hoover Commission

partisans feel that key Budget Bureau and Civil Service Commission officials have viewed the Commission's very existence as a reflection on the way they had done their own job, and so have been determined to hinder action on the Commission's recommendations. In addition, there is a feeling that some officials fight moves they fear might curb their power or cut their staffs. The Citizens Committee, conceding that the congressional veto of Defense Department plans to close business activities had slowed this divestment, hastened to add that another important reason was "the unwillingness of administrators to give up any personnel, funds and authority." It said many officials of the armed services fought to continue business-competing activities, and that "the attitude of the Post Office Department toward discontinuing the postal savings system is an excellent example of how far this resistance to the termination of activities will be carried."

Many agencies merely go through the motions of implementing the



Commission's recommendations. Actually, they insert major qualifications in their policies, or concur only in minor proposals and dissent from the really important ones.

4. Some Commission adherents question whether the White House has pushed Commission proposals as hard as it might have. The blame here is not laid on the President but rather on some of his aides, who reportedly fear that anything connected with Mr. Hoover is a political liability in an election year.
5. Legitimate differences of opinion exist on various proposals, with persons who generally back the Commission dissenting on particular items.
6. Public apathy and the failure of citizens to let Congress and the Administration know of their support of the Hoover program has deprived that program of an important source of momentum.

Many groups have been trying to counteract these factors. They have attempted to arouse the taxpayers from their apathy and overcome re-

sistance in Congress and the executive agencies.

The Citizens Committee has spent much time trying to persuade groups opposing particular recommendations to confine their opposition to those recommendations and not to attack the entire report. It tries to build up support behind Commission schemes by providing speakers and literature on the Commission's work and by issuing a constant flow of status reports on Commission recommendations. It has recently put out a 28-minute documentary sound film for television and group showings, titled "Waste Not, Want Not."

The U. S. Chamber of Commerce has set up a special section to coordinate the drive for adoption of the recommendations, and the Chamber's 23 field men have been preaching action at the grassroots. In two months, the field men made close to 300 speeches and presentations about the Commission at local meetings, state and regional conferences and other gatherings.

The Chamber has prepared special pamphlets, charts, speeches, study material, press releases and other material, and Chamber members are being widely urged to contact congressmen and administration officials in behalf of Commission recommendations. Chamber officials have testified before Congress on many pending bills to carry out Hoover Report ideas, and are constantly working to sell Hoover recommendations to officials of the various federal agencies.

The Junior Chamber of Commerce has been similarly active, among other things distributing some 1.3 million "Big Bucks," dollar-like certificates to be mailed to congressmen. The certificates declare that "I'm passing the buck to you . . . to pass a big buck for me . . . Adopt the Hoover Commission recommendations." The American Farm Bureau Federation, General Federation of Women's Clubs, and many other organizations have endorsed the Hoover Report, and a number of large firms have been using their institutional advertising budgets to plug it. Most large newspapers and magazines are also supporting the recommendations.

Impressive as this backing is, the slow progress made thus far shows that it is not enough. Efforts must be redoubled if the Commission's recommendations are to be translated into actual dollar savings. Congress must be convinced—and this must come largely from the grassroots—that support of the Hoover Commission's proposals is good politics.—CHARLES B. SEIB

SEE SHANLEY

continued from page 33

at the White House, and other members of the White House staff.

If a foreign visit or an international angle is involved, the State Department is called in and asked if such-and-such a plan or procedure is advisable. Well in advance of the event, Secret Service agents go to the scene and case it inch by inch. They may report back that the President would have to climb a total of 29 steps to reach the speaking platform. Will his doctors okay that? If the President is scheduled to make an outdoor speech, Mr. Shanley will ask the Secret Service men to tell him which direction the stage faces. He wants no repetition of an episode in Los Angeles during the 1952 Presidential campaign when Mr. Eisenhower suffered sun blindness for two days—from standing in an open car for 45 minutes from the airport to the hotel waving to throngs along the way.

There are interminable phone calls to thresh out details, such as who shall ride with the President; the best time for him to arrive at a certain destination; the best route to follow through a city he is visiting. There are a multitude of questions—should the Republican congressman fly to Waco, Texas, with the President for the Baylor University commencement exercises? How fast should the President's car be driven through the city? Should he rest for a while before the ceremonies?

An exact schedule and itinerary is prepared: leave the White House at 6:05 a. m.; arrive at Washington National Airport at 6:18 a. m.; take-off at 6:23 a. m.; arrive at destination 10:45 a. m.; 12 minutes allowed for greeting ceremonies and brief remarks; 21 minutes to reach auditorium.

If the President goes to a certain state to make a nonpolitical speech, there is the problem of whether the governor of the state should ride with the President. If he doesn't, someone is sure to say: "Oh, the President must have had a falling out with the Governor."

If he does, someone is equally sure to say: "Oh, so this is really a political trip!"

In this situation, one of Mr. Shanley's jobs is to make sure, or try to make sure, that nobody's feelings are hurt because the President doesn't want to be rude to anyone.

"But first, we look out for the President," he says. "For example, if there is not enough room for some dignitary to sit in the back seat with the President and he wants to sit

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SEE SHANLEY

continued

in the front seat, we point out that nobody sits in the front seat of the presidential car except the driver and a Secret Service man."

That invariably satisfies the dignitary who agrees, after the explanation, to ride in some other car.

Mr. Shanley's most challenging and exacting job, however, is deciding who shall get an appointment with the President—and who shall not.

To help him handle appointment requests, he has four secretaries—Mrs. Helen Colle, Mrs. Mary Rawlins, Miss Barbara Johnston and Mrs. Gwen King. (And six White House telephone operators who screen out many other calls.)

In most instances, Mr. Shanley alone decides which individuals shall see the President. If there is any doubt, he consults Mr. Eisenhower.

One of his White House colleagues recently said of Mr. Shanley: "He can charm the flute right out of a snake charmer's hands." In turning down somebody who wants to see the President, he uses that charm so effectively that he makes "no" seem a near-miss acceptance.

Many times, he can't say "no" directly because, to do so, might offend some dignitary. In such a situation, he has a quick diversionary answer. Such was the case recently when a certain senator called and insisted on seeing the President. Mr. Shanley, as he does with all others seeking an appointment, asked the senator what he wished to discuss.

"We must find out what they want to see the President about; then what they really want to see him about," Mr. Shanley explains. This serves a two-fold purpose. It gives him a chance to decide quickly whether the subject is worth taking up a President's time; and it enables the President to brief himself on the subject to be discussed.

The senator in this instance told Mr. Shanley that the Administration's foreign trade bill was bogged down in Congress and that he had figured out a plan to rescue it. He wanted to talk the plan over with the President.

Mr. Shanley asked: "Have you talked it over yet with Clarence Randall, Chairman of the Commission on Foreign Economic Policy?"

No, the senator hadn't.

Well, said Mr. Shanley, that would be a good idea because Mr. Randall would be glad to hear the plan. Besides, if there were any kinks in the proposal that needed ironing out before it was presented



to the President, Mr. Randall would be just the man to see first. The senator was delighted with the suggestion. Mr. Shanley did not hear from him again.

Who gets an appointment with the President?

Generally, cabinet members have top priority. They get an appointment for the mere asking—in the order of their importance at the moment. The Secretary of Agriculture, for example, normally does not ask to see the President often. But, during the recent farm legislation crisis, Secretary Benson was a frequent caller.

Week in and week out, Secretary of State John Foster Dulles probably has more appointments with Mr. Eisenhower than anyone else. He usually gets 30 minutes (most callers average under 15 minutes).

Secretary Dulles sticks to the timetable. He sometimes likes to make a joke about it. Once he asked Mr. Shanley for 30 minutes with the President to discuss the Far East situation. He stayed only 25 minutes. When he emerged from the President's office, he asked Mr. Shanley: "Do I get five minutes credit on the next call?"

"You overstayed by 15 minutes when you were here the other day," Mr. Shanley said. "So you not only don't get the five minutes credit, but you're ten points behind!"

At the top of the priority list with cabinet members are visiting foreign dignitaries. Congressional and military leaders and government department heads get top attention, as do state governors. Sometimes, grandson David comes from the White House residential quarters to meet the President before going to the swimming pool. He, too, is a high-priority man.

Assume that you have requested an appointment with the President and are one of the fortunate four or five chosen.

More than likely, Mr. Shanley will notify you by telephone that

you have been given an appointment. He will talk over with you what you plan to discuss with the President. He will give you the day and the exact time of the appointment and tell you to enter through the northwest gate on Pennsylvania Avenue about ten minutes before your scheduled appointment. There you will be cleared by White House guards and proceed to the west wing of the White House which houses the executive offices. In the lobby you will see receptionist Bill Simmons seated behind a desk.

Mr. Simmons will greet you, ask your name, check it quickly with a list on his desk, and ask you to be seated. He will notify Mr. Shanley who, when he is ready, will press a buzzer signaling Mr. Simmons to have an usher escort you to Shanley's office. You enter a door to Mr. Simmons' right, cross a narrow corridor and enter a high-ceilinged, square room with quince green walls and a magnificent view of the south lawn.

At the far end of the room you will see a huge (7½ x 4½) mahogany desk, looming like an impregnable fortress athwart the threshold to the President's office.

Almost instantly when you enter, there rises from behind the desk a handsome, ruddy-faced man with the square shoulders and rugged physique (5'10" and 175 pounds) of an athlete. His graying sandy hair is parted meticulously on the left. He is a picture of sartorial elegance—an indigo blue single-breasted suit with a pin stripe; a beet red striped tie; the neatly starched cuffs of his tailored beige striped shirt peeking from his coat sleeves just enough to offer a glimpse of ornamented cuff links the size of a nickel, and a blood red carnation blooming in his lapel. He will extend a firm, but warm, hand of welcome. He will invite you to sit beside his desk "because the President will be busy for a few minutes." This is Bernard Michael Shanley.

Before there is time for conversation, you will hear three peremptory buzzes on his telephone.

"I will look into that, Governor," he says. You guess correctly that this must be Sherman Adams, the President's Assistant.

Mr. Shanley has scarcely finished his telephone conversation with Mr. Adams, when there are two short buzzes on his intercom telephone. "Thank you, Ann," he says. This, he tells you, was the President's personal secretary, Mrs. Whitman, advising that the President will be ready in about one minute.

While you wait, you ask Mr. Shanley about his desk. His eyes, as

blue and brilliant as the skies of his ancestral County Cork, twinkle. He tells you: "This has been in the White House some time. It belonged to my distant cousin—President Teddy Roosevelt."

Suddenly there is a single, loud buzz. Mr. Shanley jumps up and says: "The President will see you now." He will open the paneled door to the right of his desk and escort you into a huge oval room that is the office of the President of the United States! You will walk across a thick aqua-colored oval-shaped rug with the imprint of the presidential seal. And as you do, the President will rise from behind his desk, which is an exact replica of Teddy Roosevelt's. Mr. Shanley will introduce you to the President and leave.

A quick glance at the top of the President's desk reveals a color portrait of Mrs. Eisenhower and a picture of the President's mother in small cameo-shaped frames at his right. Directly in front of him is a new desk blotter with bright silver borders bearing the autographs of the original group of Eisenhower-for-President members of Congress. At the top edge of the blotter you see a flat rectangular metal ornament denoting milestones in Mr. Eisenhower's career—a small fragment of stone from each significant place in his life, starting with Denison, Tex. (his birthplace) and on through to Washington, D. C. In the center are the five stars of General of the Army, with the initials "DDE" beneath the cluster of stars. There is a desk pen set and, at the President's left elbow, a black telephone with traces of gold trim and an inscription that this is the 50 millionth telephone produced.

The President puts you at ease. You state your business. The President listens attentively, then discusses your problem with a full grasp of the subject. Before you realize it, your time is up. If you should overstay your leave, Mr. Shanley will enter carrying a slip of paper and announce to the President that his next caller is waiting. That is the cue for the visitor to leave. If he persists in staying on, Mr. Shanley gently steers him out of the room by the elbow.

The appointment list may call for the President to address a group in the Rose Garden. Mr. Eisenhower will call Mr. Shanley in and say: "Bern, what shall I say to them?"

Mr. Shanley will call Secretaries Dulles, Benson, Humphrey or whoever might provide some appropriate ideas. He will pass the suggestions along to the President who will jot a few words down on a card for reference. Sometimes the President

doesn't even do that, but rather arranges the ideas in his mind in advance. Sometimes Mr. Shanley himself is called upon to address visiting groups at the White House. "I tell them what we do here and they go away with the realization that working in the White House is not an easy job; that there is no fat-cating," he explains.

All of this means long hours. Mr. Shanley is usually on the job at 7:30 a.m., and frequently his work day extends far into the night. A 65-hour work week is a short one for him. The variety and exacting nature of his duties leave him little time to spend at his Kalorama Road home with his wife, Maureen, and his five children—Maureen Virginia, 19; Seton, 15; Kevin, 14; Brigid, 9; and Brendan, 7. The President has been after him to shorten his working hours.

"Bern," he said to Mr. Shanley shortly after he was appointed, "I don't want to see you in here Saturday mornings. That's an order. You have a very confining job."

"I knew what he was driving at," says Mr. Shanley. "He wants me to have more time to see my kids."

Mr. Shanley doesn't need the job, or the \$18,000 a year it pays. He's an eminently successful lawyer. And he has some independent means. So has Mrs. Shanley, whose father, the late John Thomas Smith, was first general counsel for General Motors.

Then why does he work such punishing hours?

One colleague explained it this way: "He's zealous. He's full of drive. When he believes in something, he sets out to effectuate it. He goes on the theory that the only way you can do anything about something you believe in is to get into it."

Mr. Shanley has a rich inheritance of crusading spirit. His great-grandfather was Mother Seton, founder of the Sisters of Charity, who is in the process of being canonized by the Roman Catholic Church. His great-granduncle was James Roosevelt Bayley, first Catholic Bishop of Newark, N. J., and later Archbishop of Baltimore. His grandfather and namesake was a financial genius who once owned most of the traction companies in New Jersey and put together the companies that later became the Public Service Corp. of New Jersey.

Two American Presidents—Theodore Roosevelt and Franklin D. Roosevelt—were his distant cousins from the Bayley branch of the family.

Bernard Shanley was born in Newark, N. J., Aug. 4, 1903. He attended St. Benedict Preparatory School in Newark, where he was star

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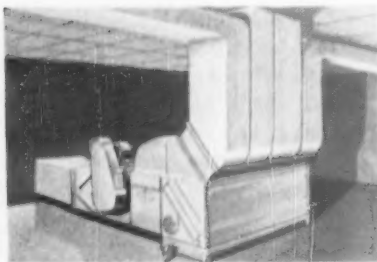
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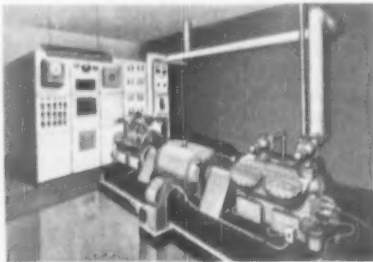




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SEE SHANLEY

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pitcher on the baseball team and all-state basketball guard. He went to Columbia University where he pitched and played third base on the same team with the late Lou Gehrig. He also captained the Columbia golf team, and still shoots in the 70's. Last spring in the course of the North American Big Three conference at White Sulphur Springs, W. Va., he played a round of golf with Mr. Eisenhower and Sam Snead. Mr. Shanley actually outdrove Snead on the 535-yard twelfth hole. But his glory was short-lived. Snead put a No. 2 iron shot on the green. When Mr. Shanley tried to do the same with a No. 2 wood, he unaccountably missed the ball. Mr. Eisenhower roared with laughter.

"Bern," he chided, "I patented that shot ten years ago, but decided to throw the patent away."

After taking his law degree from Fordham University Law School, he was admitted to the New Jersey bar in 1929 and became one of the state's outstanding attorneys.

He scarcely dabbled in politics until 1948 when he thumped for the presidential candidacy of Harold E. Stassen. Another in the Stassen camp then was Fred A. Seaton, now Secretary of Interior. The two men met then and Mr. Seaton eventually was to be instrumental in bringing Mr. Shanley into the Eisenhower official family. In 1952, Mr. Shanley was Stassen's preconvention campaign manager. As Stassen's go-between with the Minnesota delegation to the Republican National Convention, it was Mr. Shanley who, at the end of the first ballot, gave the signal for releasing Stassen delegates to Mr. Eisenhower and clinching the nomination for the General.

Some weeks later, Mr. Shanley met with Mr. Seaton in the Commodore Hotel campaign headquarters. He remarked that he felt that one of the perennial weaknesses of past G.O.P. campaigns was the party's failure to pay closer attention to the Catholic voters, among others. He explained that the Catholics were gravely concerned about communism and that here was a common denominator for the Republicans. Mr. Seaton asked him to undertake a study of the subject. His comprehensive report impressed Mr. Eisenhower and Mr. Seaton. So much so that a few days later Mr. Seaton summoned him to Eisenhower campaign headquarters and told him: "My friend, you are going to work here."

Mr. Shanley replied: "Oh, no, I

couldn't do that, I have a law practice to take care of."

Mr. Seaton had the last word.

Mr. Shanley caught on quickly. He exhibited a talent for getting along with all factions of the party. He quickly learned the knack of politics. (In fact, there is now growing talk that he will become the G.O.P. candidate for Governor of New Jersey.)

One of his first campaign tasks was to help control the flow of visitors to General Eisenhower's campaign headquarters. Then he got the same assignment on the Eisenhower campaign tours. His engaging manner was winning friends all over. As one close friend said:

"This guy never met a stranger."

Mr. Shanley came to Washington originally as Special Counsel to the President. When Appointment Secretary Thomas Stephens quit in February, 1955, for health reasons, he was the natural choice to succeed him. He announced his resignation last Nov. 9 some six weeks after Mr. Eisenhower's heart attack.

He reasoned that the President would not be needing an appointment secretary, at least for a while. Besides, he had some personal affairs that needed attention.

Two days later, Mr. Eisenhower asked him to reconsider. The President said he planned some medical tests and if the doctors told him he could do the job, he wanted Mr. Shanley back to help him. Mr. Shanley insists that his return had nothing to do with Mr. Eisenhower's second term decision. That may be so. But there are many who insist that while Mr. Eisenhower did not finally make up his mind until the night of Feb. 28—the night before he announced his decision publicly—the President tipped his hand when he brought Mr. Shanley back last Jan. 8.

Mr. Shanley's eyes sparkle with undisguised admiration and fiery zeal when he talks about his chief.

"He has a great sense of duty and dedication," he says of the President. "That's why I felt a long while back that he would run again—if he and his doctors thought he was well enough to do so. I never had any doubt about it—because of this tremendous dedication."

When his doctors advised Mr. Eisenhower that he would be able to carry on the burdens of the Presidency, the Chief Executive told Mr. Shanley:

"Bern, I'm not going to do this job 50 per cent. I'm going to do it 100 per cent or not at all."

To which Mr. Shanley adds: "I can do no less."

—ERNEST L. BARCELLA



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SMALL FIRMS FIND SUCCESS FORMULA

Here are
five principles
that small
business should
follow to
compete
successfully

SPECIALIZE



JOSEPH USHKOW: "The moderately sized firm must seek out new needs and fill them. It can't be a me-too company."

RESEARCH



GEORGE RATTNER: "Research showed a market for quick-drying paints that amateurs could use."

SMALL COMPANIES have little to fear from bigger competitors if they observe five cardinal principles.

These principles, as set down by successful companies in a wide range of industries, are:

1. Small companies must deal in specialized products or services.
2. They must finance constant research for new ideas.
3. They must pinpoint selling expenditures where they are most effective.
4. They must build dealer and consumer confidence in their products.
5. They must give customers personal services that big firms cannot equal.

How these principles are applied varies with different firms, but through such methods as these some 279,497 firms employing fewer than 500 workers each are prospering in 58 industries, according to Department of Commerce figures.

Endo Laboratories, of Richmond Hill, N. Y., ranks

about midway between the largest and smallest firms in the pharmaceutical industry. It has prospered for 35 years. Discussing the first principle, Joseph Ushkow, Endo's president for 15 years, says:

"A moderate-sized firm cannot and should not attempt direct competition with the established products of the big companies. If you were going into the automobile field you'd hardly start manufacturing cars today to compete with General Motors, Ford and Chrysler. If you were going into electronics with limited capital you'd be foolish to turn out refrigerators and washing machines in competition with Westinghouse and General Electric.

"In other words, a moderate-sized firm cannot afford to be a 'me-too' firm. It cannot copy something which big companies are already producing. It must seek out new needs and it must fill those needs with products of its own. Its hope of success lies in the difference and uniqueness of the items it contributes."

Tom Fitch, president of Washington Steel, in Washington, Pa., also emphasizes the need for specializa-

PINPOINT SELLING



NORMAN M. MORRIS: "We concentrate sales efforts on the 15 to 20 per cent of the public that will spend \$75 or more for a watch."

BUILD CONFIDENCE



TOM FITCH: "You can't blow both hot and cold. Customers must learn that they can depend on you."

PERSONAL SERVICE



RICHARD ROSEN: "We guarantee 24-hour delivery. Ease of operation in a small company, lack of complex set-ups, is an advantage."

tion. His company, which began operations in 1947, carved its special niche in the steel industry by rolling stainless steel into sheets and strips—used for jet engines, automobile trimmings, kitchen utensils, refrigerators, hospital and dairy equipment. Although its competitors include U. S. Steel, Armco, Republic and Crucible, Washington Steel makes and sells as much as 25 per cent of all the stainless steel sheet made under .040" thick. The original stockholders have already received dividends equal to their full investment and the stock they still hold is worth five times what it was when they bought it.

The company still has fewer than 250 employees and annual net profits of about \$2 million.

A few case histories demonstrate not only the advantages, but the effectiveness of the five principles:

SPECIALIZED PRODUCTS: Endo Laboratories' specializations have, over the years, resulted in the manufacture of more than 100 pharmaceuticals that could be listed as pioneer products. Today the Richmond

Hill laboratories concentrate on Percodan, sold by doctor's prescription, which is a formula for the treatment of pain. They concentrate also on Tubadil—a derivative of South American curare, or arrow poison—which is administered for "the relaxation of muscular spasticity" and has helped considerably to reduce the time of hospitalization in polio cases; on Hycodan, developed to provide fast relief from coughs, and on Balarsen, used in the treatment of amebiasis.

"One of the moderate-sized firm's greatest satisfactions," Joseph Ushkow says, "is the knowledge that it so often makes a real contribution to its field."

Washington Steel pioneered a unique type of rolling mill for the production of stainless steel sheets.

Steel sheets are produced by squeezing ingots through heavy rolls. But the conventional rolling mill puts pressure on the ends of the rolls and tends to pinch the outer edges of the sheet more than the center. The result is a sheet that may be a few thousandths of an inch thicker at the center than at the sides. Washington Steel uses a radically different type

SUCCESS FORMULA

continued

mill invented by a Polish engineer, Dr. Thaddeus Sendzimir, which applies pressure evenly over the whole width of the rolls.

The result is sheets of uniform thickness and more prime sheets per ton of steel. Most of its competitors have similar mills today but 11 years ago, when Washington Steel was starting, nobody had used Sendzimir mills to roll stainless sheet. Most engineers felt that they were too complicated to turn out large, tough stainless sheets.

Paragon Paint & Varnish Company started looking for exclusive markets 32 years ago. As George Rattner, executive vice president, explains:

"We were a year or two ahead with alkyd flats—what the public calls flat enamel paints. We were ahead again with acrylic paint—that is, a paint with a plastic base."

In the watch field, Norman M. Morris, president of Norman M. Morris Corporation, U. S. distributors for Omega Watch, tells his company's method.

"We came out with a full-scale selling campaign on the self-winding watch before anybody else. Then we entered another area which was in a large degree exclusively our own. We felt that in these days of national prosperity there must be a group which could pay high prices for extraordinary watches. We experimented with luxury watches that sold for \$5,000 to \$12,500 each. We do not sell them in great numbers—but we

"Small companies can be more flexible and provide better service, concentrate on one product, and make it better for the same price or the same product for a lower price," says Tom Fitch, president of Washington Steel Co., Washington, Pa.

do sell them. One of our dealers recently had a mail order for a \$5,700 watch sight-unseen."

John H. Dulany & Sons, of Fruitland, Md., applied the specialization principle to frozen foods.

"We were first," says president Ralph Dulany, "with the American home-cooked devalued shrimp, the first with frozen sweet potatoes, first with a number of frozen southern vegetables."

Richard Rosen, president of Richards Rosen Associates, Inc., book publishers, says: "Everybody publishes cook books—but we turned out spiral-bound books which open easily and lie flat on a kitchen table. We printed them on eight-point cardboard, coated to withstand water and food splashes.

"Then, because we knew that cook books are often given to brides and new home makers, we turned out every book in a gift package."

In furniture the American Furniture Company of Martinsville, Va., turned its output from traditional styles wholly to modern designs.

RESEARCH CONSTANTLY. Successful moderate-sized businesses agree that research spending must have a place in the budget, no matter what the industry.

"Obviously it takes patience to support research," says Mr. Ushkow, "but every moderate-sized industry must have patience and guts; the fortitude to see 200 projects go down the drain in order that one may finally succeed.

"Even that product won't remain your exclusive property very long. As soon as it begins to make money it will have competition. Then you need to be ready with another new idea."

Endo Laboratories plows more than 10 per cent back into research. Much of this is done in its own laboratories but each year it makes an average of 25 grants to hospitals and universities.

Paragon Paint & Varnish maintains a constant staff of four research chemists and their assistants. When recent surveys showed that approximately 80 per cent of all home painting is done by home owners—not professional painters—the researchers started looking for paints that were easy for amateurs to use and quick to dry.

Washington Steel has scientists at Battelle Institute and the Massachusetts Institute of Technology working on projects which the company prefers not to talk about. It was also one of the first companies to push stainless steel for building purposes.

PINPOINT SELLING. With less money to spend on advertising, the small firm must pick its targets and hit them.

Maurice A. Deane, Endo Laboratories' advertising manager, says, "The multimillion dollar advertising budgets of the giants pose serious problems for the moderate-sized firms. The big ones can afford saturation techniques. We have to pick our targets, and hit them. The less money a small house can afford to spend on advertising, the more thought it must expend. We can never afford waste.

"In a firm like ours every piece of advertising gets consideration from practically every executive. Before we print it we have to be sure. Is it the most effective ad that can be turned out? Is it going where it will have the strongest impact? In other words, we can't afford to scatter our ammunition; we have to try, in every case, for a bull's-eye."

Because furniture is sold largely through eye-appeal, Southern Furniture hired expert decorators to create beautiful rooms to display its furniture. It bought the right kind of accessories—lamps, carpets, pictures—then it had specialists memorize the layout. It sent these men out to recreate the displays in retail stores. Thus, wherever Southern Furniture was sold it was shown to the best possible advantage.

Washington Steel decided to sell steel just as cigarettes and newspapers are sold—to distributors chiefly.

"At first we tried selling direct to manufacturers," says Mr. Fitch. All we got was small orders that no one else wanted."

So the company used the spare tire argument in its early approaches to distributors who were buying their steel almost entirely from a single maker. It emphasized that no distributor should depend mainly on one source of supply, that emergencies might arise when a second source would be invaluable. It asked to be considered as a second source. In many cases it has now become the primary source.

Paragon Paint & Varnish aims its selling effort at

dealers. "We want them to recommend our product." It backs those recommendations with two magazine ads every year.

Omega Watch also works through dealers, supplying displays and using direct mail in order to reach a class market.

"We concentrate on class media," says Mr. Morris. "We know our buying public is that 15 to 20 per cent of the American people who will pay from \$75 up for a watch."

ENCOURAGE CONFIDENCE. The ability to maintain close personal associations is often part of the strength of being small.

"Customers never hesitate to telephone our president and talk to him directly," Endo Laboratory's Vice President David L. Klein, says. "Probably 10,000 people call him Joe. This personal relationship is the life-blood of many smaller firms. The smaller the firm, the more important this asset becomes. Our detail men in the field are instructed to establish their own integrity as well as that of their products. We expect them to make friends just as we expect them to win the respect of doctors and pharmacists. We help them in many ways.

"If a community experiences floods, fire or other disaster, our man on the scene is charged with seeing that local doctors get all the drugs they need. He requisitions supplies either from our home plant or in nearby towns. Doctors know they can count on him." Thus, Mr. Klein pointed out, service becomes a substitute for size.

While Washington Steel was making a place for itself in the United States, it began filling orders in foreign markets.

At the start of the Korean War most steel companies dropped or severely reduced shipments abroad. Washington Steel continued to ship abroad.

"You can't blow hot and then cold," Mr. Fitch says. "Either you give your customers reliable service, or you get out of the market completely. We gave them service when they needed it most."

When the steel business dropped off generally after Korea, Washington Steel had established a reputation for dependability on foreign shipments. Customers in Europe, South America, Israel, Egypt, Hawaii, Japan, Madagascar, the Philippines, India and other countries now take 11 per cent of its output.

Omega Watch finds that being comparatively small enables it to protect dealers against price-cutting.

"When everybody handles your product, this is difficult to do but

when you have a selective list of representatives any one of whose franchises can be discontinued if agreements are broken, then you can control prices."

STRESS PERSONAL SERVICE. Large companies are geared primarily for mass production. This, in the opinion of alert, moderate-sized firms, leaves plenty of opportunities for those who are small enough to be fast and flexible.

Tom Fitch tells of one customer who had a \$100,000 contract for refrigerator parts.

"The small print in his contract said that he could not collect a dime if the entire order was not delivered at a specified time.

He failed to read the small print until fairly late. Then he discovered that he had only 48 hours to go and still needed 14,000 pounds of stainless steel sheet.

"The only company in the United States that could supply the sheets in a hurry was Washington Steel. The customer met his delivery schedule. The required steel was rolled, cut and on its way to him—all within five hours."

These same principles of personal attention hold true in the book publishing business. Richard Rosen guarantees 24-hour delivery of all orders.

"The ease of operation in a small firm, the absence of complex departmental set-ups, is a great advantage," he says.

In frozen foods, Ralph Dulany deliberately limits sales to a geographic area he can serve quickly and efficiently.

All of the successful smaller firms are pioneering in one way or another. In electronics a small manufacturer has piled up an impressive sales record with silent wall switches; in toys, a thriving business has been built on child-size electric vacuum cleaners, toy telephones and intercom sets; in plastics almost every new firm specializes in some particular item.

"Of course," says Joseph Ushkow of Endo, "the paradox of it all is this: If a moderate-size firm succeeds, then in time—as its sales grow—it must one day wake up to find it has itself become one of the giants."

The reaction of big firms was indicated not long ago at a steelmakers' meeting. Benjamin Fairless of U. S. Steel put his arm around the shoulder of Washington Steel's Tom Fitch and said: "Young fellow, you're doing all right. We need fellows like you in the steel industry. You keep us all on our toes."

—OSCAR SCHINGALL
& JOHN PFEIFFER

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FUTURE EXECUTIVES

continued from page 35

which performs a highly specialized function. Deliveries have been running late; there are no machines in inventory. Coordination between the machining department and the assembly room seems to be off; sometimes assembly doesn't have enough parts, sometimes too many.

The students had four hours to analyze this company and its problems. Even Professor Davier, already impressed by the way the students knocked themselves out in class, was amazed at the thoroughness, detailed analysis, and imagination of the answers. The students found a total of 15 sound advantages to the present procedure, 30 specific disadvantages. They gave 30 specific and practical recommendations.

The students recognized and discussed intelligently such technical aspects of production as inventory control, wage incentive (with some discussion on the company's unusual bonus plan), organizational problems, human and community relations, purchasing, design changes, maintenance program, inspection techniques, sequence of manufacturing operations, sales forecasting and other merchandising problems.

Some students questioned the existence of a production problem. Why maintain an expensive inventory of complicated machines which could well become obsolescent in the first place? They recommended instead a better job of sales forecasting.

Professor Davier considered several observations and suggestions so sound that he gave the company a summary of them, with full confidence they would be of value.

This is but one way of presenting a case, of course. Professor Davier has frequently arranged for the class to visit a major industry in the area. The next day he may pretend to be the representative of a banking group making a preliminary investigation into purchasing the plant, and require each student to give him a detailed opinion on the advisability of the purchase.

Some of the most unusual classroom procedures have taken place under Prof. John D. Forbes, who once assigned the class to write four lines evoking a mood. Some vivid poetry resulted. "Anything," he said, "to shake dry minds loose from the constant memorizing of academic life."

Some years ago, as a senior tax accountant, Professor Forbes was assigned to assess the valuation of a brewery for a possible purchaser. He had items like the inventory on

hand, sales figures, and valuation of the plant itself. But a local prohibitionist group had recently staged a temperance campaign. The formula to determine its effect on the value of the brewery had not been taught in accounting classes. Professor Forbes had to devise his own methods—a careful reading of editorials in the local papers, extensive canvassing—in order to come up with an answer.

Professor Forbes says the future will demand more of this on-the-feet thinking. More family-owned businesses will sell out to escape the inheritance tax. More mergers will take place. In judging the worth of these concerns, many factors that do not appear on the balance sheet will have to be taken into consideration.

Another problem Professor Forbes threw at his class involved the selection of a curator for a museum. Who

Our present prosperity is the almost perfect tribute to the workings of a democratic capitalism.

—Boyd Campbell

are the trustees of museums, symphony orchestras, universities? Businessmen, of course. With the increasing dispersion of plants, it is simply good business for the executives of the new branch factory to take a solid leadership in such community projects as schools, hospitals, cultural organizations, fund drives and youth programs. The company benefits not only in such intangibles as good will and community relations, but in hard, practical ways as well. Maintenance of a contented labor force is certainly one of them.

From the still narrower viewpoint, if the branch manager gets a little praise from the community on his capable management of civic affairs, it will do him no harm in the home office. In short, Professor Forbes wants his students to be fully cognizant of the nonbusiness problems of business.

Professor Forbes places great emphasis on the future of public relations and ethics. A business with a public-be-damned attitude won't survive long in tomorrow's world.

To discuss ethics he invited a professor of philosophy, and a local rabbi to address the class. Why a rabbi in a predominantly Christian-Protestant area?

"Few of the boys had ever seen a real rabbi before," Professor Forbes said. "He made a terrific impact."

He is completely in favor of the school's policy of producing generalists rather than specialists.

"If the narrow specialist can't find a narrow hole for himself," Professor Forbes says, "he starves. If he gets to the top and runs the works, then everybody starves."

Almand R. Coleman, professor of accounting, puts it another way. "We are training people to do things for which they have no training," he says. "After all, I'm trying to prepare these men to make a living in a world which will be beyond my own lifetime."

When Forrest E. Keller, executive secretary of the school, visited its sponsors and other prominent businessmen of the area, he was struck by the frequency of one complaint: Their second line of executives was in a rut. The head of the accounting department, for example, could see nothing but dry figures. The sales manager never had gotten along with production, and never would. So, the directors too frequently had to go out of their own company to get in a top executive who could see the whole picture.

One of the points the professor of accounting hammers home the hardest is that accounting is merely an aid to management, not an end in itself. Professor Coleman learned this himself the hard way. As a CPA he once devised what he thought was a perfect accounting system for a large corporation. The system, however, required busy sales people to provide an inordinate amount of detailed information, and it just didn't work. Professor Coleman has a list of points which he hopes his students will remember five years from now. One is that any set of figures is at best an approximation; not to be taken too seriously. In ordinance procurement during the war, for example, Professor Coleman received orders to procure 83,002 bazookas.

"I hope none of my students ever takes it on himself to forecast the need for 002 of anything," he says.

With bigger businesses dealing with bigger sums, and the importance of getting the point over to the public and stockholders, Professor Coleman stresses round numbers.

"When you say \$14,542,618.16," he tells his students, "all anybody remembers is the 16 cents. People only remember three numbers. Give it to them as \$14,500,000."

The accountants of tomorrow must have flexible minds. "As we get deeper and deeper into this technological age, as the most complicated and expensive of machines become increasingly capable of turning obsolescent over night, just don't get all upset when the figure for the es-

timated value of equipment turns out to be meaningless," Professor Coleman says:

As more new equipment comes off the drawing boards and assembly lines the managerial headache of deciding whether and when to buy it will definitely increase in intensity. Professor Coleman gives a procedure to follow to facilitate this decision as much as possible.

Always, when considering the purchase of new equipment, he says, list the alternatives, compare them thoroughly. To continue with the old equipment would require no new investment. To make repairs or an overhaul on the old would require an investment to that extent.

In computing the savings which new equipment would produce, don't use tomorrow's dollars, but today's. Suppose you are considering the purchase of a \$4,000 piece of equipment which would result in an operating savings of \$400 a year for a life expectancy of 12 years. On the face of it, this would appear to justify the investment. To make an intelligent decision on this, however, you'd have to use a sliding scale to express the total in terms of today's dollars.

"All I want my students to do," Professor Coleman says, "is to think intelligently with figures. If they need anything at all in the business world of tomorrow, that's it."

To help students improve on their presentation of such explanations, among other things, Dean Abbott is adding a course in oral reports to the curriculum next year. Conducted by J. Jeffrey Auer, professor of speech at the university, it will be the first course of its kind in a graduate business school. Students will make several different types of oral presentations, ranging from the expository ("The Elements of the Federal Reserve Board Index on Production") to the rough and tumble aspects of an appearance before a congressional committee with plenty of heckling added. Dr. Abbott feels that the executive of tomorrow may well be called upon for all types.

Already, in this one year of operation, Dr. Abbott has made certain general observations which should be of interest to businessmen everywhere. One is the remarkable rate at which the young man in his twenties matures. A dramatic example concerns a student who did not do particularly well as an undergraduate. He went into military service, and now, three years later, is an outstanding student. Without taking anything away from his military training, Dr. Abbott believes that the simple fact that the young man is three years older makes up much of the difference.

One suggestion Dr. Abbott would make to businessmen in this regard is that they look closely at their trainee programs. Just because neither worked in the plant before is no reason to put a young man of 21 and another of 26 in the same program. The younger man is not ready for the amount of training the older man can absorb. The older one would be bored stiff by a program directed at the younger.

Dr. Abbott believes that industry in the future will entrust more and more responsibility to men in their late twenties and thirties. The armed services already have proven, by entrusting companies, battalions and regiments to their command in both peace and war, that they are capable of accepting responsibility.

As the dean of a graduate business school Dr. Abbott would naturally recommend that all businesses go to such schools for their future executives, except that there are not nearly enough of these schools. How else can the present executives of today's businesses procure capable leadership for tomorrow?

One answer, of course, would be to arrange to send promising men without such education back to school. Large companies with a wealth of manpower can afford to send their men back for a full two years. Most others would have to make use of short courses.

For the young man whose company can't spare either his time or its money, there are still several active courses to follow. If he can't take a short course on company time, perhaps he can squeeze one in on vacation. There are books he can read on subjects other than his own specialty—almost all business schools furnish lists—and correspondence courses. And some companies maintain company lunchrooms where executives and assistants from all departments can talk over their mutual problems in a neutral atmosphere.

Finally, middle-sized corporations must be willing to compete with the large concerns in bidding for future executives. They must be willing not only to take a chance on the untested young man, but to match the price he could get elsewhere. And, all else being equal, it is not the specialist, but the well rounded young man willing to work, and think, who'll keep the wheels of industry humming tomorrow.—BOOTON HERNDON

REPRINTS of "What Future Executives Must Know" may be obtained for ten cents a copy or \$7.50 per 100, postpaid, from *Nation's Business*, Washington 6, D.C.

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INDUSTRIAL PROGRESS

continued from page 26

pie, cake and other prepared flour mixes increased 475 per cent. Among beverages, bottled soft drinks rose 51 per cent, beer and ale were up 34 per cent, but distilled liquors declined 25 per cent.

Growth of the food group should continue with expenditures of \$783 million for new plant and equipment in 1954.

Nonelectrical machinery, with employment falling one per cent between 1947 and 1954, and value added increasing 57 per cent, dropped from second to third place. This industry group employs 10 per cent of all manufacturing workers, and produces 10.5 per cent of the value added.

Between 1947 and 1954 all major sectors of the industry group showed increased value added, with metal-working machinery up 107 per cent, engines and turbines up 82 per cent, valves, fittings, bearings and other miscellaneous machine parts up 79 per cent, office and store machines up 55 per cent, and pumps, elevators, blowers, furnaces, and other general industrial machinery up 54 per cent, laundry, sewing, and other service and household machines up 44 per cent, tractors and farm machinery up 38 per cent, and special-industry machinery up 16 per cent.

The 1954 expenditures of \$713 million for new plant and equipment were principally in the refrigeration machinery, tool and die, tractor, machine tool, and computing machine industries.

Primary metal industries, fourth largest industrial group in both 1947 and 1954, employs seven per cent of the factory workers, turns out eight per cent of the value added by all manufacturing industries. Value added increased 64 per cent between 1947 and 1954, while employment dropped three per cent.

Substantial gains in value added were chalked up by all major sectors: with primary smelting and refining of nonferrous metals up 110 per cent, blast furnaces and steel mills up 79 per cent, nonferrous rolling and drawing up 73 per cent, nonferrous foundries up 61 per cent, wire drawing, iron and steel forgings, and other primary metal industries up 57 per cent, secondary smelting and refining of nonferrous metals up 26 per cent, and iron and steel foundries up 20 per cent.

Continued growth of the primary metal industries is indicated by the \$775 million spent in 1954 for new

plant and equipment. Fifty-seven per cent of these expenditures were by blast furnaces and steel mills.

Chemicals and chemical products, fifth largest industrial group in both 1947 and 1954, employs five per cent of the factory workers, produces eight per cent of the value added by all manufacturing. Between 1947 and 1954 value added increased 71 per cent, and employment was up 17 per cent.

During this period, value added by sulfuric acid, alkalies, chlorine and other inorganic chemicals increased 191 per cent, organic chemicals like synthetic fibers and plastic materials increased 104 per cent. Drugs and medicines increased 79 per cent. Toilet preparations, compressed gases, printing ink and other miscellaneous chemical products were up 59 per cent, soaps and related products up 35 per cent, and paints and allied products also were up 35 per cent.

New plant and equipment expenditures for chemicals and their products were \$931 million, highest for any industrial group. Major expenditures were reported by the plastic materials, coal tar products, synthetic fiber and fertilizer industries.

Fabricated metal products, rising from seventh largest industrial group in 1947 to sixth in 1954, employed seven per cent of the factory workers, created seven per cent of the value added by all manufacturing industries. Value added increased 58 per cent between 1947 and 1954, while employment rose seven per cent.

Value added by structural metal products was up 107 per cent. Bolts, nuts, barrels, springs, tubes, and other miscellaneous metal products were up 61 per cent. Metal stamping and coating was up 46 per cent. Cutlery, tools, and hardware rose 43 per cent. Heating, plumbing equipment rose four per cent.

The industry group spent \$423 million for new plant and equipment in 1954, with major amounts by the structural and ornamental iron, steel spring, boiler shop products, and the bolt, nut, washer and rivet industries.

Electrical machinery, tenth largest industry group in 1947, rose to seventh place in 1954, with value added increasing 92 per cent, and employment rising 20 per cent.

Value added by the communication equipment industry was up 130 per cent, engine electrical equipment up 91 per cent, electrical appliances 82 per cent, and electrical industrial apparatus 77 per cent.

New plant and equipment expenditures by the industry group

were \$342 million in 1954, with important amounts spent by the television, radio and related products, motors and generators, electronic tubes and electrical control apparatus industries.

Printing and publishing, in ninth place in 1947, rose to eighth in 1954, with value added increasing 46 per cent, while employment rose 12 per cent.

Value added by lithographing plants rose 81 per cent, book printing and publishing were up 63 per cent, newspapers up 47 per cent, and commercial printing up 41 per cent.

Expenditures for new plant and equipment totaled \$236 million.

Apparel and related products dropped from eighth place in 1947 to ninth in 1954, with value added rising 13 per cent, while employment increased 11 per cent.

Between 1947 and 1954 value added by the women's undergarment industry rose 29 per cent, men's and boys' furnishings rose 23 per cent, women's and misses' outerwear increased 17 per cent, house furnishings, canvas products, trimmings were up seven per cent, while men's and boys' suits and coats decreased 19 per cent.

Textile mill products dropped from fifth place in 1939 to sixth in 1947, and to tenth in 1954. Between 1947 and 1954 value added decreased 12 per cent, while employment dropped 17 per cent, the greatest decrease for any group.

Between 1947 and 1954 value added in the industry increased 36 per cent, knitting mills were up nine per cent, but broad-woven fabrics decreased 24 per cent, yarn and thread mills were down 29 per cent, while woolen and worsted manufactures decreased 42 per cent.

Pulp, paper and products showed a value added increase of 56 per cent between 1947 and 1954, and an employment increase of 17 per cent. Value added by pulp mills increased 69 per cent, paper and board mills increased 53 per cent, while paperboard containers increased 39 per cent.

Miscellaneous manufactures, including ordnance, had a 52 per cent increase in employment between 1947 and 1954, and a 104 per cent rise in value added, due primarily to a 1,517 per cent increase in the ordnance industry.

Stone, clay and glass products reported a 65 per cent increase in value added, and a seven per cent increase in employment, between 1947 and 1954. The cement industry value added was up 113 per cent, concrete and plaster products up

103 per cent. Asbestos, abrasive and other nonmetallic mineral products were up 49 per cent.

Lumber and wood products showed a 26 per cent increase in value added, and a one per cent increase in employment, between 1947 and 1954. Plywood plants reported a 65 per cent increase in value added. Wooden containers were down 10 per cent.

Petroleum and coal products had a 28 per cent increase in value added and a two per cent increase in employment between 1947 and 1954. Coke and byproducts value added was up 34 per cent, paving and roofing materials up 28 per cent, petroleum refining up 27 per cent.

Instruments and related products reported an 85 per cent increase in value added and a 10 per cent rise in employment between 1947 and 1954. Laboratory, engineering and other scientific instruments value added was up 349 per cent, photographic equipment up 101 per cent, recording, measuring and controlling instruments was up 90 per cent.

Furniture and fixtures showed a seven per cent increase in employment and a 45 per cent increase in value added between 1947 and 1954. Public and professional furniture, such as school chairs and hospital beds, value added was up 73 per cent, partitions and fixtures up 65 per cent, office furniture up 48 per cent, household furniture up 41 per cent, and screens, shades and blinds up 34 per cent.

Rubber products had a four per cent decrease in employment and a 47 per cent increase in value added between 1947 and 1954. Industrial and mechanical rubber goods, rubberized fabrics, and other miscellaneous rubber products value added increased 79 per cent, tires and inner tubes rose 30 per cent, rubber footwear decreased 12 per cent.

Leather and leather products reported a seven per cent decrease in employment, and a seven per cent increase in value added between 1947 and 1954. Purses and small leather goods showed a 29 per cent increase in value added, leather footwear a 27 per cent increase, but leather tanning and finishing a 37 per cent decrease.

Tobacco manufactures showed a 15 per cent decrease in employment, exceeded percentagewise only by the decline in textile mill products, between 1947 and 1954, while value added increased 54 per cent. Output per man hour increased 6.1 per cent per year during this period, greatest increase for any industrial group.

—FRED D. LINDSEY

"I won't buy that again!"

RELAX, I told myself, as Mike Hancock gave me his reasons for staying out of the chamber of commerce. Small businessman Mike, proprietor of a local florist shop, really benefited from their activities. But he said . . . "I was a member once but didn't get anything out of it."

THAT DID IT! I hadn't known about Mike's previous membership but I couldn't let him get away with that kind of talk. "Oh, yes you did get something out of the chamber," I retorted quickly. "You may not think so but you got plenty . . . for every dollar you put in you received several in return."



LET'S FACE FACTS! Every businessman should realize . . . "When the chamber brings in new business and industry and helps promote local enterprise, either directly or indirectly, your own business gains immeasurably. Can you deny the town's merchants don't profit from community development?"

LOOK AROUND YOU! "The chamber is now actively pushing progress all over the city." Rapidly I ticked off a list of projects that were chamber-backed and, before Mike could answer, I said . . . "Every one of these helps make your business go and grow with the town."

THAT'S ABOUT IT . . . Mike looked a little sheepish, then admitted he hadn't much in the way of rebuttal . . . guessed he hadn't really given the chamber a chance last time. You should see him now though. Ever since he rejoined, he's been working his head off . . . helping make our town a better place to live and work in.

Pete Progress

Speaking for
your chamber of commerce

How to get facts you need

Better operations come with better control.

Here are eight guides for management action

NEW AND DYNAMIC forms of management control are being worked out and applied today throughout the business world.

As business becomes increasingly decentralized and complex, more and more does today's executive need a sensitive instrument panel to keep from flying blind, to see what's going on and whether people are doing what they're supposed to be doing.

Today's instrument panel is management control, and this is a highlight report on what some of the leaders are doing in the field.

Control is bound up with planning and, taken together, the process consists essentially of three basic steps:

1. Deciding in advance what should be accomplished and what will constitute good performance. These decisions frequently take the form of budgets, cost standards, operating programs and the like.
2. Finding out actual performance, then measuring and evaluating it.
3. Taking corrective action.

There are many ways to check actual performance. A few of the commonest include direct observation by a line supervisor, consultation through informal contacts with subordinates, regular operations or financial audits, special investigations or analyses and the formal management control report, which is the most commonly used type of control in medium to large-scale business organizations.

All of these forms of control are used in the average business today. However, as business has grown in size and complexity, informal and intermittent methods of keeping in touch with what's going on, such as personal contact, have diminished in value. The method of growing importance in large-scale business is the written or graphic management report. This is today's instrument panel.

A growing number of managements, however, are finding that the instrument panel in the front office hasn't kept pace with the complex instrumentation they have built into the factories. Thus, many com-

panies are overhauling their formal reports—statistical, accounting, narrative and graphic. A survey of what some of these companies are doing has produced the following guides.

1. Give standards for comparison

Since the object of control is to see that everything is carried out according to decisions already made, every control report should facilitate the evaluation of actual results by comparing them with what they should have been.

"Your report must have built-in standards as a basis of comparison," says Paul Hamman, partner in Touche, Niven, Bailey and Smart, Certified Public Accountants, of Detroit, Mich.

"One manufacturing company used to get out a report on scrap losses that was a horrible example of what not to do. In the first place it had no basis of comparison.

"The vice president wanted to know 'Is one per cent of the material going through, or 10 per cent?' He wanted an area of tolerance, let's say below three per cent. If they got out of this area, he wanted to raise Cain. As it was, he was left without a bogey."

Since control can be exercised only by people, management control reports must follow the structure of the organization and be set up by individual responsibilities.

"Operating reports rest on a cornerstone of well-defined responsibility," says Mr. Hamman. "You must give a man a goal and then measure his progress against this goal."

2. Point out danger areas

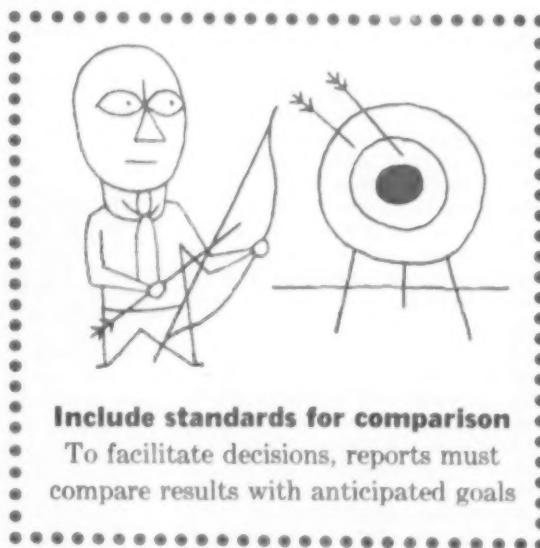
A good report focuses attention on matters requiring action by accenting the significant trends or out-of-line performance. This is known as reporting by exception. Such reports highlight the exceptions which require management attention. You want your reports to tell you:

What is good?

What is bad?

Who is responsible?

The man making the report should report on the pertinent areas of his own responsibility. The recipient



Include standards for comparison

To facilitate decisions, reports must compare results with anticipated goals

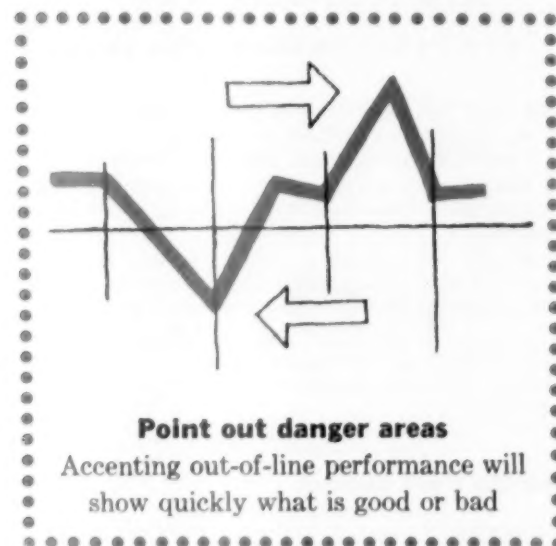
should be able to tell where he should go for more information if he wants it.

3. Be timely

Reports should be issued promptly and at appropriate intervals. Operating information is perishable and must be made available in sufficient time for necessary action. Besides, the report must reflect current operating conditions.

4. Cover critical areas

"There are two major areas of need that are not covered by the structure of management reports that exist in most companies today," says Richard Neuschel of McKinsey and Company, management consultants. "The first of these includes those elements of performance that can be expressed quantitatively but



which are not covered by the accounting system nor by budgets or standard costs. These might include such factors as facilities utilization, customer turnover, market penetration, delivery performance and the like.

"Second, there is a need for some kind of reporting on elements of performance that cannot be expressed either quantitatively or in terms of contribution to short-term profits. This category includes practically all important performance factors comprising such functions as engineering, research and development, industrial relations, controllership, etc."

"The structure of formal management reports in many companies today is a pretty sorry thing," Mr. Neuschel adds. "The typical approach to improving the reports has three basic weaknesses:

"It is self-limiting because it ties the mind to the make-up of existing reports.

"It provides no reasoned basis for determining what information is needed. The principal criteria for cutting or keeping existing reports are personal preference and preconceptions.

"It is not dynamic. It does not go deeply enough in trying to rebuild the structure of management information into a real profit-making tool. It is a nega-

tive approach aimed primarily at cutting office expense through the elimination of unnecessary or duplicate information.

"Furthermore, no system of management control or of management reports is anywhere near complete if it is limited to the elements of performance covered by the accounting system—that is, income, cost and expense . . . those elements which have a direct and measurable effect on short-term profits."

5. Aim for simplicity

"A lot of companies don't realize how old fashioned their top management reports have become," says Mr. Hamman. "The reports of most companies have the atmosphere of the middle '20's. One company used a page full of close-packed figures that looked like a bookkeeper's summary of the year's work. It was a transcription of a bookkeeper talking to himself.

"The company directors couldn't have been helped less if a bushel basket full of figures had been poured out on the table in front of them."

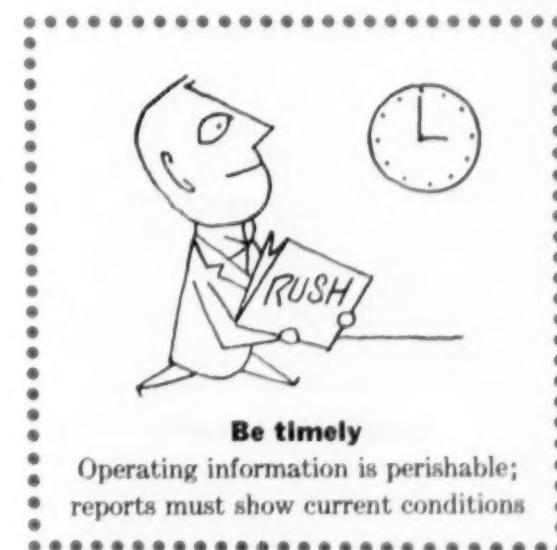
"One of the big problems is that posed by electronics equipment," says another consultant. "We've gone through an era of office mechanization and automation to such an extent that the capacity to produce management information has outstripped the capacity to assimilate it and use it intelligently in running the business."

6. Clarity is essential

Make sure your reports are easy for a non-figure-minded executive to understand and use. Few top management executives today come up through the accounting department, though most reports are prepared as if they did.

The real object of reports is to get them used. If they are not in a form in which they can be used, they're no good. They simply lie around. The report should not only be expressed in the language of the report user but it should report only the essential facts so the reader can learn the whole story without becoming confused.

A good report should have eye appeal. Eye appeal requires that the report should be readable, with information organized to lead the eye through a well-



How to get facts you need

continued

aligned format rather than through a labyrinth of words and figures.

Graphs, charts and other visual presentation techniques are becoming increasingly popular in business.

"We design a report not to be read," says one consultant. "We don't want the reader wasting time reading reports. We want him just to look at the paper and say, 'Here's what I wanted to know'—then not have to read any farther. The real test is whether a stranger to the business can read a report effectively."

7. Focus on the future

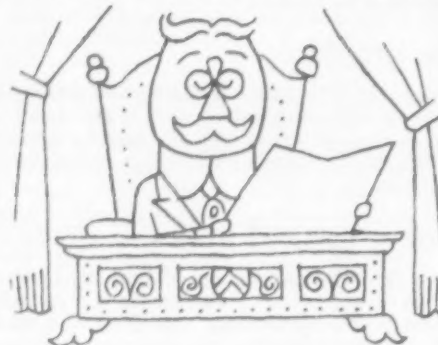
"Management reports should include a liberal number of predictions and predictors rather than aim solely at a meticulous reporting of historical data," says Mr. Hamman. "Indicated trends are far more useful to management than determination of so-called exact profits for a short-time period."

8. Integrate your report system

Instead of being a coherent, understandable whole, a report structure often tends to be a hodgepodge of unrelated bits and pieces—some overlapping, or conflicting, some clear, some confusing. It is not difficult to see why this condition develops. In most companies, the structure of management information is neither the product of one mind nor one time. Its parts are seldom developed according to any conceptual scheme. Each came into being without any thought as to how that part related to the whole.

The report structure as a whole should represent an integrated plan of control under which the information given to all levels of management is tied together and simply becomes more condensed as higher levels of management are reached.

This means that the reporting system must have unity. One should be able to follow logically step by



Aim for simplicity

Mechanization has modernized figures, but forms are still old-fashioned

step from one report to another and from summary to supplementary or subsidiary reports.

A well-designed structure of reports should:

1. Provide each executive with the planning information necessary to make the decisions for which he is responsible.
2. Provide each executive with the control information necessary to relate performance with the planned goals covering the activities for which he is responsible.

A number of progressive corporations, usually those with facilities spread throughout the country, have worked out highly successful systems of management reporting.

Two of these are taken up here in detail.

The Du Pont System

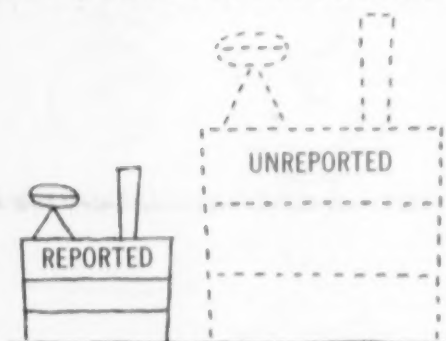
The whole structure of top management information at E. I. du Pont de Nemours & Company, Inc., is based on graphic presentation. It is centered around the chart room, an amphitheater on the ninth floor of the company's offices at Wilmington, Del. The charts are mounted on 30 by 40 inch metal frames suspended by wheels from an overhead network of trolleys, specially designed and constructed so that, in a matter of seconds, any series can be brought to a central display room for review. There are more than 400 of these charts and they carry a running account of the operations of Du Pont's 10 manufacturing departments and of the company as a whole. This is the nerve center of the business.

When an executive at Wilmington wants to review any division, he comes to the chartroom and says, "I want the facts of life about X Department."

A member of a special reports and charting staff from the treasurer's department, constantly at work on these reports, brings him the information he wants.

The Du Pont company believes that effective reporting of internal data is fully as important to the company as good public reporting. Its chart system was conceived as a means of enabling the company financial staff to report to executive management the financial results of an operation in a manner at once simple and yet complete. The basic concept emphasizes return on investment and the factors contributing to it.

Return on investment is shown on the charts as the



Cover critical areas

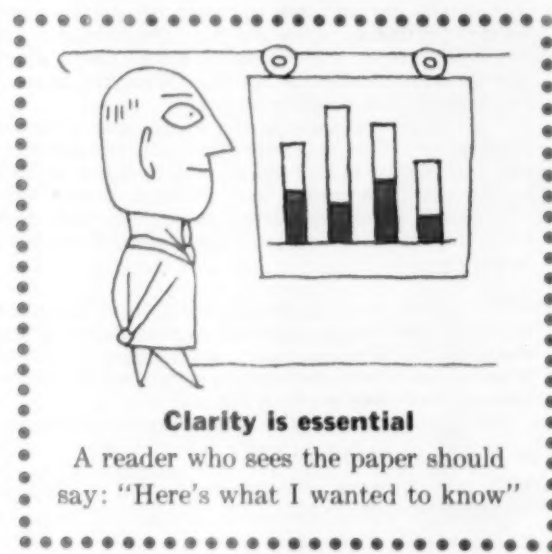
Often elements which the accounting system doesn't cover go unreported

financial end result of operations; it is the product of two percentages—turnover multiplied by earnings as per cent of sales. Turnover is obtained by dividing sales by total investment; it reflects the rapidity with which plant and working capital is being employed. The separate effects of these two percentages on return on investment may be determined through an analysis of charts showing sales, elements of cost of sales, earnings and the details of plant inventories, accounts receivable and cash.

The principal advantage of the chart system is to point up immediately the places where further analysis, review and attention may be desirable or necessary. The charts are intended to show what happened in terms of profit return on investment, and to put the finger on the broad underlying factors which caused the results to be what they were. They do not displace the customary financial statements such as forecasts, budgets or historical reports.

On the fourth Wednesday of each month, the executive committee reviews the operations of a group of departments, so that each department averages about four reviews a year.

A member of Du Pont's treasurer's department pre-



sides at the session, moving each chart or series of charts in place before the executive committee. He is prepared to give background reasons for normal variations in current data against past performance or against forecasts.

If an unusual variation shows up, however, the general manager of the department under review is on hand to explain, and the reason is traced back to its source through the chart system.

The charts used for review by the executive committee in general show the results of departmental operations for the current year against a background of exactly the same data for the ten preceding years and a forecast for the next 12 months.

Similar chart series are employed to some extent by all levels of departmental management. The company has a thoroughly developed method for following up on one-shot decisions. It has, for example, a hard-headed system for following up on capital expenditure results.

Each one of the major departments, when seeking

to expand, must submit to the executive committee an appropriation request spelling out the facility it wants to build, then give a complete long-term evaluation on:

- ▶ Anticipated sales volume
- ▶ Price projections
- ▶ Competitive outlook
- ▶ Profit prospects
- ▶ Prospects for return on investment

After the authorized facility has been in operation one year, the general manager submits a "Report of Accomplishment," which is a statement of actual sales volume and earnings contrasted with expectations at the time the appropriation request was initiated.

If the over-all picture is not entirely favorable, the executive committee may request another accomplishment report at the end of the second year.

Sometimes the series of reports for a particular project is continued for three or four years. Meanwhile, the departmental management gets interim reports more frequently.

Such reporting has become so much a part of the procedure that it's part of the thinking and working habits of the people who do it.

Plans for the Du Pont people are something to be carried out, not predictions of probability. For them, good planning plus good follow-up equals a programmed decision.

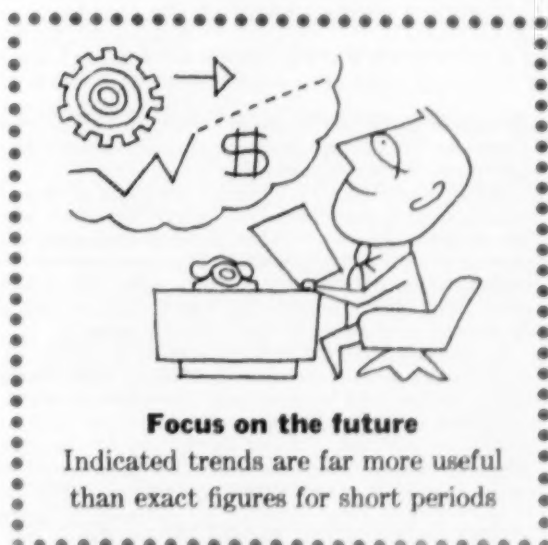
This process of follow-up, company executives say, has forced people to be a lot more hard-headed and realistic in the estimates on which they base their decisions. They know they are going to be followed up.

Also, it forces them to be more realistic in programming their efforts to make sure the results are going to be achieved.

Decision-making and planning complement each other. The better the plan, the more effective the control—the more realistic the goals.

The United Airlines System

One of the fastest and most dynamic reporting systems in business is operated by United Airlines with the aid of electronic machines. It produces a profit and



How to get facts you need

continued

loss statement which is laid on the desk of President W. A. Patterson in Chicago every 24 hours.

The statement has its birth every day in the statistical production room at United's Denver operating base. Passenger and cargo volumes, collected from each flight, are combined at the end of the day. The results are wired to United's Chicago offices ready for processing at 8:30 a.m. Economic research employees apply revenue rates predetermined by experience and expense rates based on current operating budget requirements to the previous day's volume appearing on the wire. Within an hour, an operating profit or loss is estimated and passed on to top management.

The daily report shows the day's operating profit or loss along with a month and year to date accumulation. Also, daily revenue passenger miles and the passenger load factor are given. Data is broken down in such a way as to give the passenger department in-



Integrate your report system

The system must have unity with one report leading naturally to another

formation on which to decide whether to put more planes on the Chicago to San Francisco run or advertise to get additional passengers.

An intrinsic part of United's reporting system is what company executives like to call "the room with the 14,000-mile view." This is an information and planning center at Denver which is the business world's equivalent of the military briefing room. Facts funneled daily into this center present a clear picture of operations throughout United's 80-city system.

In keeping with the idea of expansive vision, the room has glass walls on one side. Modern white plastic chairs are grouped before a map of the United States, eight feet high and 20 feet wide, on which United's routes are outlined. Colored lights (red for weather, green for maintenance and white for passengers) at major terminals show current operating conditions. If the red light glows steadily, for example, it means adverse weather; if it is flashing, the weather is mar-

ginal. Electric clocks above the map show the time in each zone through which United operates.

The room is designed to provide management with operational facts in the most convenient form. Data, such as mileage flown, delays at terminals by type of plane and total number of departures, are posted on lucite panels, flanking the map. Dozens of supplementary charts deal with payload volumes and load factors, weather, actual performance as compared with schedule and related information.

Daily at 8:30 a.m., MST, United's operations executives meet in the room for a 14,000-mile view. Four briefing specialists review operations of the past 24 hours and outline what the next 24 are expected to bring. The opening summary is presented by a meteorologist who analyzes the decisive factors in yesterday's weather conditions from the Atlantic seaboard to the Hawaiian Islands. He then gives his forecast for the next 24 hours, accenting developments which may affect operations.

A mechanical specialist follows with information on the status of the company's fleet. He reports the number and types of aircraft withdrawn from service for overhaul and comments on the progress of various engineering projects at the San Francisco base.

A traffic specialist then gives a resume of the previous day's performance in terms of any customer service problems which arose. Approximately 750 plane departures are scheduled daily. Those which deviate from schedule are spotlighted for management study to prevent possible recurrence.

The remaining gaps in the 14,000-mile view are filled in by a flight operations specialist who discusses the availability of equipment, and weather outlook on the line. The session then adjourns. Immediately afterwards, some department chiefs may call their staffs together to act on particular facets of the day's operating plan.

No matter how highly-developed a management report system may be, it's only as good as the action management takes. So once a good reporting system is set up and all the information is in, what does management do to improve the situation?

Here are ten possibilities, depending on conditions:

1. It supplies additional skills.
2. It provides more guidance or training to improve the ability to meet the goal.
3. It sets up a new program.
4. It obtains new finances.
5. It procures more facilities.
6. It finds a better product.
7. It supplies better incentives.
8. It replaces people not functioning properly.
9. It changes the program by which the objective is to be achieved (perhaps by adding more facilities, money, etc.).
10. Or, it might change the goal itself.

No business can be run by formula nor can any system of control replace the need for perception, vision, imagination, inventiveness, leadership or executive qualities.—PHILIP GUSTAFSON

REPRINTS of "How to Get Facts You Need" are available for 10 cents a copy or \$7.50 per 100, postpaid, from Business Manager, Nation's Business, 1615 H St. N.W., Washington 6, D.C.

GLASS PROGRESS

continued from page 36

utilize twice as much of glass' strength as at present. If industry is ever able to make practical use of 10 per cent of glass' potential strength—and that day may not be far distant—glass is likely to be used for building bridges, the frameworks for stadia and office buildings.

The other principal purposes of Owens-Illinois research are more down to earth and immediate. They are:

1. To get more strength into glass containers.
2. To make more articles out of less glass.

The company this year placed in operation seven important new machines that turn out glass containers 20 per cent lighter than those of the past. The new containers are thicker at their base and at all points of contact with other surfaces, very thin where they touch nothing.

Owens-Illinois plans to use its lighter container machines to make lighter glass bricks for wall construction. The idea is to have them light enough to be laid in units of a dozen or so at a time, faster and cheaper than the present process of building a glass wall brick by brick.

The Pittsburgh Plate Glass Company is also concentrating a big sales effort this year on a building material, Sandrelite, which the company says will make sturdy, glamorous exteriors for structures ranging from small store fronts to skyscrapers. Sandrelite is heat-strengthened glass with ceramic color fused into its inner surface and available in panels up to 48 by 84 inches. The coloring, being on the inside surface, will not fade, the company says, and the polished outer side of the Sandrelite will give buildings a quality of reflection, like windows.

Sandrelite is nonporous, self-cleaning and doesn't absorb stains. It comes in practically all colors and is recommended especially for such jobs as Washington's NEA building, consisting of an old and a new wing. Both are sheathed in Sandrelite, giving the appearance of one structure.

Pittsburgh Plate is making windows 36 inches thick and selling glass for 84 inch thick windows that serve as radiation shields in nuclear research. The company recently installed heat-absorbing glass on the bridge of the new carrier, *Forrestal*, to relieve the air-conditioning from working overtime and to deaden noise of the jets. This glass reduces jet noises from approximately that

(Continued on page 86)



Shell-ice being blown into the holds of a Gulf-coast fishing vessel.



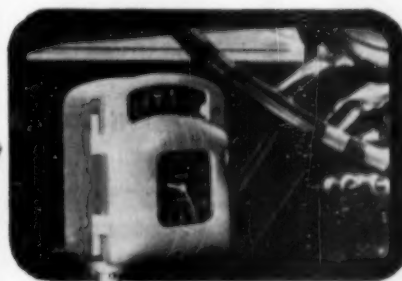
Shell-Ice

Below: Bagging Shell-Ice for sale at Oklahoma City. Plant makes 40 tons daily.



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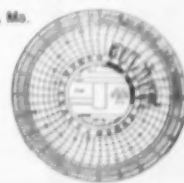
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read illuminated dials also show time of day, m.p.h. and total mileage. Tachograph models which indicate and record engine r.p.m. are also available. There's the added safety advantage of the red warning light that signals the driver whenever your company's predetermined speed limit is exceeded.

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Also, we shall be glad to send you a copy of our progress report, "Working Creatively for the Good of Business and in the Public Interest," which tells what the Chamber has accomplished in recent months—and what is being planned for the months ahead.

**CHAMBER OF COMMERCE
OF THE UNITED STATES**
Washington 6, D. C.

GLASS PROGRESS

continued

of an express train passing 10 feet away to the noise a person hears while standing in a large store.

The company is promoting dusk light window panes that admit 25 to 30 per cent of outside light. Ordinary windows admit 85 per cent of daylight. Dusk light allows the elimination of window shades and permits an architect to make room or office walls entirely of glass without occupants suffering discomfort from glare. Colors include rose gray, light green and a warm brown. They are said to cut by two thirds the fading of rugs and draperies.

Both Pittsburgh Plate and Libbey-Owens-Ford are expecting business to continue to increase in the field of glass for automobiles, which last year used 5,000 acres of flat glass. Windshields of future models are expected to extend further into the top.

Libbey-Owens-Ford has recently changed the color of its tinted windshields to a blue color that begins just above the driver's line of vision and becomes more intense the higher it goes. The new color is said to give a softer light for the driver's eyes.

Flat glass manufacturers are also experimenting with more glamorous windows for houses that will emit both light and heat. The idea stems from a product developed by Libbey-Owens-Ford during the war to defrost windows of airplanes. It is made of a thin transparent coating of metallic oxide spread over a pane of glass to conduct an electrical current. The heat can be turned up as high as 450 degrees F. without damaging the glass.

The flat glass people are now adding to the glass surface a minute film of colored phosphors, which light up when current flows. Thus far windows have been developed that glow blue, blue-green and yellow, and scientists are working on a phosphor to produce red. When that is perfected, a window can be made to glow almost any color.

Thus, after the sun goes down, a turn of a switch will make one of these windows glow with silvery moonlight or a brighter color, if desired. As the night gets cooler, a thermostat will turn on the heating current and the window fills in for a regular heating unit.

Libbey-Owens-Ford this year is pushing its Thermopane, made of two pieces of sheet or plate glass, an eighth or a quarter of an inch thick with one fourth or a half inch of dead air space between. That firm brought out Thermopane several

years ago using a process that sealed the edges of the two panes with an alloy of lead. Recently the company has perfected a new method of fusing the glass edges without metal, which speeds the process and reduces costs. Because of the latter L. O. F. believes that its double-paned windows will replace storm windows in low-cost housing, as they have already done in many higher bracket homes.

L. O. F. is now conducting experiments at Penn State and Michigan State Universities to show that Thermopane increases egg and pork production. At Penn State the south walls of some hen houses have been built of double-pane glass with overhanging roofs that shade the interior from the high sun in summer but allow rays to penetrate the glass from the slanting winter sun. Ordinarily a laying room in summer is ten to 15 degrees hotter than the temperature outside. This reduces egg production because hens suffer worse from temperature above 70 than from below zero readings.

The shaded Thermopane insulates hen houses so that on hot days inside temperatures remain equal to or slightly less than temperatures outside.

In winter, sunshine permeates the glass in the form of short light rays. They strike some opaque surface within the room, are absorbed, re-radiated as longer heat rays that are trapped inside by the dead air space when they try to escape through the Thermopane windows.

This increased warmth, L. O. F. says, keeps hen droppings so dry that 1,200 to 1,500 pounds are removed automatically every other day from a 2,700-chicken Penn State house for three cents worth of electricity. With such improved sanitary conditions, a chicken requires only one square foot of floor space, compared with three square feet in more primitive houses.

Thermopane is being used for pig farrowing houses, where ordinarily five to six pigs die out of a litter of 10 or 12 born in cold weather. Therefore, most farmers breed sows to farrow twice a year in mild weather. This results in two heavy pork periods, spring and fall, when packing houses are overwhelmed with meat and prices to growers drop.

With the double-window the sun provides all the heat necessary after the first couple of days. The farmer can calculate his farrowing so that the pigs will go to market when prices are good.

Furthermore, sun heat allows the pig to convert his food more efficiently. He doesn't have to spend so much food energy keeping warm.

Swine experts at Michigan State University, using solar glass on pig houses, were able to save 10 per cent on feed consumption and get their pigs in top form of 200 pounds two weeks earlier than average.

H. Creston Doner who, as director of design and color for L. O. F., pioneered in promoting the glass-walled contemporary-type house ten years ago, says that the trend now in homes is away from the fixed window and toward sliding walls composed of glass.

Also interested in the outdoor living room idea is the youngest and perhaps the most vigorous branch of the glass industry, glass fibers. Owens-Corning sees in these rooms a great new use for its Fiberglas screens, which came to popular attention only this past summer. They look like ordinary wire screen, but resist rust, rot, corrosion, are free from shrinkage or stretch; they are fireproof and easy to install. Fiberglass screens will withstand a flying baseball without showing a mark later. A hole made in a screen with a pointed instrument closes as soon as the point is withdrawn.



AN ATOMIC LOCKET containing sensitive glass records the radiation possibly received by wearer

Plastics, melted around and reinforced by fiber glass, are being used to make auto parts. Rear fender fins and instrument panels of the Studebaker Hawk series are of plastic, reinforced with fiber glass. So are bodies of the Chevrolet Corvette, bodies of Piper Cub airplanes and tops of the Ford Thunderbird.

Producers anticipate a growing demand for their fiber glass insulation materials, particularly in automobile air-conditioning. Last year, 190,000 air conditioners for automobiles were sold, more than four times the number of sales the industry had predicted in advance.

Owens-Corning recently began lining the outer surface of its house insulation with foil, which reflects away much heat before it can reach the insulation itself. The company claims that, if properly used—three

inches thick in ceilings, two inches in walls—this insulation will cut heating bills in half.

L. O. F. Glass Fibers Company is most excited these days about its Micro-Quartz insulation that will stand 2,500 F. degrees of heat. Not long ago the Civil Aeronautics Administration, after testing it with a 2,000-degree flame held two inches from its surface for 15 minutes, pronounced Micro-Quartz the first fire-proof insulation ever tested by that agency for airplanes.

One of L. O. F.'s most interesting products is paper made of glass fibers and used to filter air that must be kept entirely free of dust and to filter medicines that must be completely sterile. The paper is also used to coat the surfaces of certain reinforced plastics, such as automobile bodies. The glass fibers cause the surface of the plastic to be rough. A resin is applied to the surface, then the glass fiber paper, then another coat of resin. The glass paper dissolves into the surface depressions, fills them and makes the surface smooth.

L. O. F. Fibers announced recently that the National Bureau of Standards is working with some doctors from the University of Minnesota on a system for testing cancer. Human tissues, taken from a suspected area, are beaten or pounded into a slurry. A piece of fiber glass paper .008 of an inch thick is dipped into the slurry, which the paper absorbs by capillary action. According to L. O. F., scientists can then determine by the density and color of the slurry in the paper whether the growth is malignant or benign.

The Corning Glass Works, established in 1851 by the great grandfather of Amory Houghton, the present chairman of that company's board, has developed what is said to be the fastest piece of production machinery of any kind in the world. It can spit out ribbon glass bulbs for electric lamps, photographic flashes or radio tubes at a rate of 2,000 per minute, or four times as fast as a machine gun fires.

Newest use for this machine is to make glass ribbon one thousandth of an inch thick, which is alternated with layers of foil to make a new type of electronic capacitor the size of an adult's thumbnail and a quarter of an inch thick. Capacitors store up current for extremely rapid release, when needed, and are to electronic equipment about what standpipes are to water pressure.

Another electronic development—an all-glass shadow mask for color television tubes—is, according to Corning President William C. Becker, "the most marvelous article ever

made of glass." He is referring to the fact that 200,000 carefully shaped and tapered holes are made in the 250-square-inch sheet of glass that serves as the shadow mask for a 21-inch color television tube. The arrangement of holes is made elsewhere, photographed and reduced in size on a photographic plate.

The glass is dipped into acid and the proper arrangement of holes is quickly eaten out.

The shadow mask is located a couple of inches back of the face plate of a color TV set. The face plate contains 600,000 red, blue and green phosphor dots that light up when bombarded by electrons from three guns in the rear of the set. The holes in the shadow mask are to channel these electrons properly to bring out the colors and shadings correctly upon the TV screen.

A few of Corning's other recent developments include:

1. Optical glass that allows the eye to distinguish windows in buildings 14 miles away or to see a golf ball on the ground from 40,000 feet up. Four years ago such glass could be obtained only within a short distance of the Iron Curtain.
2. A plaster-like material made of ground glass is used for molds in which the tough, hard alloys are cast into turbines for jet airplanes and flying missiles. The new molds make these parts so exact that no machining is necessary.
3. Corning's fused silica panes are being used as windows through which photographs are made from guided missiles. This material will withstand friction-generated heat up to 2,000 degrees F. without affecting the quality of the photographs made through it.
4. The firm is turning out industrial pipe of Pyrex, reinforced with fiber glass, so strong that salesmen demonstrate it by driving big nails into heavy boards, using the glass pipe as a hammer.
5. New indoor skies—glass ceilings that will light large offices or auditoriums with various brilliances and colors—are about ready for general distribution.
6. Finally, Corning has developed a specially treated glass, which is worn around the neck in a locket. In case of a nuclear explosion in the vicinity, the locket tells by the extent of color change in its glass core whether the wearer was within the danger zone.

Use of glass as a part of the defense against this newest scientific horror is a good example of the scientific stature that glass is attaining these days.—RUFUS JARMAN

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PRE-CONVENTION PLATFORMS

continued from page 41

Agriculture

DEMOCRAT:

A restoration of rigid price supports, sympathetic administration of farm laws and new plans to raise farm income are musts

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Flexible price supports should be continued to help solve crop surpluses, along with soil bank plan to give immediate help



Taxes

DEMOCRAT:

The little man needs a tax cut now, since G.O.P. eased taxes for business and stockholders

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Further tax cuts—like big one in 1954—will come as soon as national debt is reduced



as the high-tax party and charged with "fiscal irresponsibility" for inflationary tax hand-out schemes. Further tax cuts will be promised as the budget yields surpluses and inflationary tendencies are held in line, a national committee official says. Proposals likely will include relief for business and high individual income brackets as well as for the little man.

Fiscal policy

Democrat: The platform may declare the party has made fiscal policy contribute to economic growth and high level employment.

It will claim a reduction in the public debt under the Truman Administration, a budget surplus in peacetime years and a nondefense spending level lower than that of the Eisenhower Administration.

It may charge that the Eisenhower tight money policy benefited the banker, and that other government policies and programs have helped the money lenders at the expense of "the people."

Republican: The platform probably will state that fiscal integrity has been restored to government, with efficiency and economy replacing "waste and extravagance." It probably will promise further reorganization of government through adoption of Hoover Commission recommendations.

It can claim balanced budgets in fiscal years 1956 and 1957. It can declare that government spending has been cut \$14 billion below the last Truman budget, and that taxes have been slashed by \$7.4 billion a year.

The platform surely will promise a continued balanced budget and gradual reduction of the national debt. It can cite a fiscal 1957 budget surplus which will go toward reducing the federal debt and eventually permit lower taxes, a G.O.P. committee spokesman says.

Natural resources

Democrat: The platform in all probability will criticize the Administration for giving away the country's natural resources and allowing private interests to clean up on development of power projects.

The claim will be made that the Administration has reversed the public power policies of the past two decades that have brought industrial development and cheap electricity to millions. The Dixon-Yates private power contract will be cited as symbolizing this policy, as will the approval of oil leases on wildlife refuges. Undoubtedly a promise will be made to enlarge federal development of resources including atomic power projects. This plank may be a convenient place to declare that the Democratic party is dedicated to extending that policy to all parts of the country so all the people may benefit.

Republican: The plank will deny give-away charges and note that the Tidelands oil fields were turned over to state jurisdiction to avoid socialization of resources, while the outer continental shelf oil lands were leased for the profit of the federal government.

It may also say that the oil under wildlife refuges was leased, thus assuring government profits rather than losing the oil to private companies drilling around the refuges. It also may list development of a 20-year program for soil conservation, protection and expansion of the national parks and an increased yield by commercial fisheries.

The plank will probably pledge no government subsidy for TVA power to compete with private power and it may urge congressional action to put TVA on a paying basis. It may note that the Dixon-Yates contract was ended when the city of Memphis agreed to build a proposed power plant, as first proposed by the Administration.

The Republicans could say that the new Atomic Energy Act changed a government monopoly to a regulated free enterprise industry in the nuclear field. They may promise more opportunities for private business in atomic energy.

The platform undoubtedly will pledge a continued program of enlarged resources development. It will proclaim the partnership approach of combining federal, state, municipal funds and private capital to get the most from the taxpayer dollar.

The federal government will continue to foot the cost of flood control and navigation, but local interests should pay for power when they can, the plank will probably say.

Small business

Democrat: "Great concern will be expressed over small business," particularly "since so many have gone out of business," one Democratic strategist predicts. The plank will unquestionably say that small and independent business is the backbone of the free enterprise system, that government's role is to make sure that independent business is treated fairly and that monopolistic practices are curbed.

The plank will see an alarming increase of economic power in the hands of the few and urge vigorous enforcement of antitrust laws. It will remind voters that under the Democrats the Federal Trade Commission Act, the Clayton Antitrust Act and the Robinson-Patman Act became law.

The platform will assure small business that it will no longer get only the "crumbs left by the corporate giants" but it will get a fair share of government contracts and possibly tax incentives and other help for the growth and survival of little firms.

Republican: Most surely, this plank will be written to answer the expected Democratic charge of G.O.P. favoritism toward big business. The Republicans can boast that, to help small business, they set up the Small Business Administration, the first peacetime agency devoted to small business needs, that this agency has made nearly \$200 million worth of loans and assured small firms of a large share of defense contracts. It may say the Administration has made a record of aggressive antitrust action.

It probably will promise new executive action and legislation to strengthen small business and help new companies get started.

Social benefits

Democrat: The system of social security and welfare benefits born under Democratic Administrations must be continued and improved, the platform will say, with increased benefits, extension to more people and lowering of retirement ages.

Public assistance plans need improvement, and more federal money should be put in health programs and medical research and facilities. Specific programs should be developed for the aging.

Republican: The platform can take note of Social Security Act amendments extending coverage, more hospital facilities and vocational rehabilitation programs and creation of the Department of Health, Education and Welfare. It may promise still broader social security coverage, but denounce principles of drastic lowering of retirement ages, increases in the tax rate and widened payment of disability benefits.

Civil rights

Democrat: This plank, in the opinion of Democratic platform experts, will pledge the party to support and advance the rights of all Americans, promise efforts to end discrimination and secure equal opportunity for all.

It will declare its "recognition and acceptance" of the Supreme Court decision outlawing segregation in public schools and come out for fair enforcement of the law, without saying just when, in the opinion of veteran Democratic lawmakers. As in 1952, the southern and northern factions of the party will compromise with a wording so general it favors—without committing the party—specific legislation southerners oppose, a southern member of the 1952 platform drafting committee predicts.

Republican: The platform may claim that the most significant civil rights advances since the Civil War have occurred under the Eisenhower Administration. The Republicans are likely to hit this issue hard with a listing of executive and court actions to eliminate discrimination and a pledge to push a legislative program to set up a commission on civil rights, create a new Justice Department division and further strengthen civil rights laws.

Integrity in government

Democrat: The platform possibly will charge that the Republican crusade for honesty and integrity in government failed, that high officials used their federal posts to feather their own nests and that the president has never reprimanded the officials, who were forced to resign after exposure by the press or congressional committees.

Republican: The platform is likely to claim that the era of "crooks and



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PRE-CONVENTION PLATFORMS

continued

Fiscal Policy

DEMOCRAT:

Economies can be made and budget balanced but not at expense of continued necessary government outlays

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

G.O.P. economy measures, which lowered federal spending and balanced budget, will be maintained

Natural Resources

DEMOCRAT:

Enlarged federal development of resources is necessary so all the people will benefit from projects

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

REPUBLICAN:

Partnership approach, combining government and private capital to develop resources and save tax money, will be continued

crimes" is gone from government and that honesty and integrity has been restored. It may say any official who comes under suspicion in the Eisenhower Administration "automatically writes his own resignation."

Likewise the platform may state that communists in government are a thing of the past. It could say that 13 new legislative safeguards and aids to communist prosecution were signed into law.

Public works and housing

Democrat: The party can list the \$33 billion highway construction legislation passed this year and take a jab at the Eisenhower road building proposal as the "bankers' highway bill."

It can criticize the Eisenhower Administration for limiting public housing to only 35,000 units a year, while the Democratic-backed 1955 law authorized 45,000 units.

Republican: This plank may state G.O.P. policy of channeling private savings into private home investment to avoid inflationary government credit. Improved living conditions for older people and low income families and programs for easier home improvement may be promised.

Some credit may be taken for pushing the idea of the multibillion network of highways, and the beginning under the Republicans of the St. Lawrence Seaway after a generation of trying may be noted.

Education and health

Democrat: Here is a chance to score the Administration for not going far enough on federal aid-to-education proposals and to promise new health programs and more federal funds for medical facilities and research.

Republican: This plank can again note the creation of the Department of Health, Education and Welfare and claim the first special message to Congress in history stressing school needs which asked for a multimillion dollar program. It can mention medical facilities construction and promise a new insurance program for poor health risks.

Health issue

Democrat: If President Eisenhower is in the running at Democratic convention time, his health is sure to be a major issue, but whether the Democratic platform will mention this issue is undecided. A Democratic National Committee official believes it is likely there will be a plank citing the dangers of a "part-time president." It could note that each of the three branches of government is obliged to discharge its constitutional duties.

A veteran Democratic lawmaker, who helped draft the 1952 platform, however, predicts there will be no plank on the health issue. He says, "Our own party has had sick presidents in Roosevelt and Wilson, and you know the saying about people who live in glass houses."

Republican: Chances are slight the Republicans will mention the health issue. "Why should we talk about the President's health," says one G.O.P. National Committee official. "Since he's running it would be like gilding the lily for us to say how healthy he is."

END

Platform born in 1832

THE historic document known as the party platform was conceived in 1832 when a group of young men who were members of the National Republican party met in Washington to endorse Henry Clay for the presidency and adopted a 10-plank platform of aims.

However, the first platform to be drawn at a national presidential nominating convention was fashioned in 1840 at the Democratic convention in Baltimore which nominated Martin Van Buren. Nine resolutions comprised this instrument.

GROWTH AHEAD

continued from page 31

Over-all gains during the next six to 12 months, therefore, will be gradual rather than sharp. There will be divergent trends in the various industries, as there have been during the past 12 months. The principal changes will occur in the civilian sector of the economy, where product development, sales promotion, and competition are most evident. It seems likely that most consumer markets will continue to be quite competitive. Profit margins will be under significant pressure. Rigid cost control will be necessary.

Wholesale prices of commodities other than farm products and foods rose five per cent from June, 1955, to June, 1956. Although there may be some further rise in these prices, based largely on cost increases, the magnitude of any rise in the next 12 months will probably be much less than the rise which occurred in the past 12 months.

The expected moderate growth in the economy over the next year will be a period of testing for business and consumer confidence—always an important factor in the business outlook. There may be periods of pessimism because business activity is not rising rapidly. We must not let some of the abnormal increases of the past 15 years blind us to the basic growth rate of the economy.

This does not mean that business will advance at the long-term growth rate without interruptions for the next several years. In a private capitalist economy it is axiomatic that economic fluctuations will occur. The essence of our system is that economic decisions are decentralized. They are made by widely scattered individuals and groups acting on different motives, facts, and expectations. Consumers may choose to spend or to save their income, to borrow or to repay past borrowing, to buy or to sell securities. Businessmen may decide to add to or draw down inventories, to increase or decrease their spending for new plant and equipment. Because this is so, the possibility always is present that separate decisions will coincide in such a manner as to cause either a sharp upward or downward movement in the whole economy.

Over-all business is being sustained at high levels this year partly by the large volume of funds that businessmen are spending for new plant and equipment. When the capacity now being created is ready for production and investment spending slackens, the economy will

face another period of test. One possible course of events at this time would be for consumers again to step up their rate of spending to offset the decline in business spending. This has been the pattern in two postwar recessions—the rolling readjustments. But other, less desirable possibilities also exist.

With a high level of income and savings and a public mood of confidence, the danger of reckless speculation must always be considered. This possibility is suggested by Arthur Burns and Wesley Mitchell in "Measuring Business Cycles":

"After a severe depression industrial activity rebounds sharply, but speculation does not. The following contraction in business is mild, which leads people to be less cautious. Consequently, in the next two or three cycles, while the cyclical advances become progressively smaller in industrial activity, they become progressively larger in speculative activity. Finally, the speculative boom collapses and a drastic liquidation follows, which ends this cycle of cycles and brings us back to the starting point."

A theory has recently been advanced that the business cycle as we have known it in the past has broken up into many little cycles and that we may never again experience a major recession. This may be a comforting thought, but until this hypothesis has been subjected to more rigorous tests than those of the past 10 years, it would still be prudent to regard the intermediate future with a large amount of caution. Business activity will still fluctuate. Some of the fluctuations may be wide.

Both the very short and the very long run outlook for business are encouraging, the former as discussed here and the latter based on a study of basic growth trends in the economy. But these two periods do not necessarily follow each other smoothly in time. Somewhere in between a period exists about which we know little except that its general characteristics will be determined by events that precede it. For this reason caution is urged in the months ahead when the economy again begins to move forward.

If businessmen and consumers are prepared for adverse circumstances, unpleasant developments are much less likely to occur. One important historic cause of business collapse—the absence of caution—will not then be present. We may at times need to take or accept steps to avoid overexpansion in portions of our economy to avoid the collapse which often follows.

END



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NEW RED THREAT

continued from page 45

for a time by manufacturing things and selling them at low prices without regard for the cost in competition with us. But, over the long haul that simply can't last.

Does this new Russian strategy threaten free-world unity?

I think one of their basic objectives in launching it is to divide the free-world countries.

Do you think they will win some ground from the growth countries?

That depends on us, but I would say flatly that the United States, in my opinion, has been gaining tremendous ground in the past two or three years with our foreign program in both economic and political affairs.

With the advance in transportation and communications in recent years, the people in all of these growth countries have much more information about what goes on in America than they had a few years ago. They realize we have a standard of living higher than anything they or their forefathers have ever known. That has given them the incentive to improve their own lot.

We have tried to explain that our achievements have been the result of many years of hard work and initiative, but it is difficult to convince people who are in a hurry for improvement and who are being persuaded by others that the short route is satisfactory.

What kind of inducements are the Soviets holding out?

In Latin America they have talked about credit, extended credit, favorable credit terms. In some of the countries, they have offered barter arrangements on generous terms.

Purchase of rice, for example, from Burma?

Yes, that sort of thing. The purchase of a surplus by the Russians from a country which is distressed by having it is one of the most obvious means by which they can lure the growth nations into their trap.

Will trade deals force growth countries into the Soviet camp?

I don't believe that necessarily will be the result. On the other hand, we have to be on the job to see to it that our trade relations with the growth countries, the uncommitted countries especially, take a form that provides a maximum opportunity to develop better understanding, and to establish sound trade relations

which will be helpful to them and ourselves as well.

Do you see Russia as a future source of raw materials for American industry?

I certainly do. I also see Russia and all of the satellite countries as tremendous potential markets for American goods—some day.

Do you think East-West trade can be useful in bringing any of the communist dominated people into our camp?

I certainly do.

But we ought to keep one or two things in mind. In the first place, we have great concern over the possible deterioration of the controls over strategic materials that might get behind the Iron Curtain. I think there is great danger in releasing such items to the communists. I speak of such things as copper wire, horizontal boring machines, and anything else that might be used to strengthen the warmaking potential of those countries.

So until we can establish friendly relationships between the political heads of our different countries, we have to be careful what things are released.

Beyond that, I think increased trade of peaceful goods would help if it were done on a basis of mutual benefit.

What items are we trading with Russia?

We are buying furs, buying some other commodities; selling them hides, leather, that sort of thing. There is no particular pattern to it.

Haven't they recently bought some tractors and farm machinery?

They bought quite a lot of farm machinery. I think some of that equipment will be reproduced in Russia's factories and probably show up in prototype.

Will they get any factory equipment in the near future?

It is possible. Everything of that kind has to be carefully scrutinized to make certain that it doesn't have strategic importance. For example, they were not permitted to buy certain types of farm machinery.

Can Russia continue to deliver goods to the growth countries?

I doubt that all of her commitments toward foreign aid, grants, and help, will be met.

Is she depriving her own people in order to make some of these deliveries?

Let us put it another way. I think

that Russia can bear the relatively small amount that has been going out of the country without its economy going to pieces. But there are two factors. One, there are things that Russia needs in the way of imports. So it is sometimes justified to release for sale an item which is needed in the country in order to buy something more sorely needed.

The other factor is the political or propaganda effect. I certainly believe that the Russians are selling for propaganda purposes items which are sorely needed at home.

Will the United States do any business in the future with Red China?

Not, so far as I can see, until the political relationships change. The distinction between the European communist bloc and Red China is that we have an embassy in Moscow—our governments have a political relationship. The U. S. has not recognized Red China. The United Nations has declared Red China an outlaw.

How do the Chinese and Russian-produced goods compare with the free-world goods?

The things that I have seen personally in the Russian trade fair exhibits match rather poorly the similar products produced by American manufacturers. In Buenos Aires I saw the exhibit put on by the Russians—which was quite a show, incidentally—and they had everything from machine tools, cameras, automobiles, to soft goods, and furs, tractors, and heavy road-building equipment; all kinds of consumer goods and heavy articles as well.

I was surprised at the good appearance of these things, particularly the consumer goods, but on close examination quality seemed lacking. The machine tools didn't impress me quite as much even as to first impression, nor did automotive and road-building equipment.

Have you seen communist goods in other parts of the world?

Yes, in Yugoslavia.

Did you get the same impression?

The same impression exactly.

Are you planning to reappraise the trade fairs?

We have appraised the trade fair program. We are hoping to expand it substantially. We have put on 33 trade fairs as of today, starting in December, 1954. We are hoping to put on at least 21 in the coming year. We have found them tremendously effective, even though we have not yet achieved our full potential in performance.

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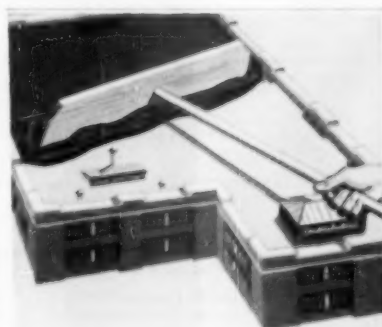
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ADVERTISERS IN THIS ISSUE • August 1956

	PAGE		PAGE
Air Express, Division of Railway Express Agency	4, 5	Modine Manufacturing Company	94
Robert W. Orr, New York		Klau-Van Pietersom-Dunlap, Milwaukee	
American Telephone & Telegraph Company (LL)	95	Moore Business Forms, Inc.	60, 61
N. W. Ayer, Philadelphia		N. W. Ayer, Philadelphia	
American Trucking Associations	16	Mosler Safe Company	75
Allman Company, Detroit		Stockton-West-Burkhart, Cincinnati	
Baltimore & Ohio Railroad	67	National Business Consultants	91
Richard A. Foley, Philadelphia		Van der Boom, Hunt, McNaughton, Los Angeles	
Bay West Paper Company	87	New York Life Insurance Company ...	63
Klau-Van Pietersom-Dunlap, Milwaukee		Compton Advertising, New York	
Butler Manufacturing Company	10	Oxford Filing Supply Company	92
Aubrey, Finley, Marley & Hodgson, Chicago		Joseph Reiss, New York	
Cardmaster Company	91	Photostat Corporation	73
Grant, Schwencik & Baker, Chicago		Knight and Gilbert, Providence	
Carey, E. A., Pipe Company	91	Pitney-Bowes, Inc.	57
Grant, Schwencik & Baker, Chicago		L. E. McGivens, New York	
Carrier Corporation	68	Prairie Schooner, Inc.	94
N. W. Ayer, Philadelphia		Juhl Advertising, Elkhart	
Chamber of Commerce of the United States	84, 85	Pratt-Daniel Corporation	87
Direct		Pearsall & Schaefer, East Norwalk	
Chamber of Commerce of the United States	77	Quantity Photos, Inc.	91
Royal & de Guzman, New York		Sylvan Pasternak, Los Angeles	
Fairchild Engine & Airplane Corporation	21	Remington-Rand	2
Gaynor, Colman, Prentiss & Varley, New York		Leeford Advertising, New York	
Frick Company	83	Reznor Manufacturing Company	92
Waynesboro Advertising, Waynesboro		Kight Advertising, Columbus	
Friden Calculating Machine Company ..	69	Rhode Island Development Council ...	89
J. Walter Thompson, San Francisco		Ba Bernstein, Providence	
Globe-Wernicke Company	3rd cover	Schieffelin & Company	89
Strauchen & McKim, Cincinnati		Abbott Kimball, New York	
Gray Manufacturing Company	6	Scripta, Inc.	59
French & Preston, New York		Laller, Neal & Battle, Atlanta	
Harter Corporation	89	Travelers Insurance Company	13
Lamport, Fox, Prell & Dolk, South Bend		Young & Rubicam, New York	
Heritage Manufacturing Corporation ...	93	Tropical Paint Company	93
Melton Advertising, Dallas		Fred M. Randall, Detroit	
Home Insurance Company	55	Union Pacific Railroad	14
Albert Frank-Guenther Law, New York		Caples Company, Chicago	
International Telephone & Telegraph Corporation	22	U. S. Thermo Control Company	12
J. M. Mathes, New York		Bozell & Jacobs, Minneapolis	
Kentile, Inc.	4th cover	Wagner Electric Corporation	83
Ruthrauff & Ryap, New York		Arthur R. Mogge, St. Louis	
Listo Pencil Corporation	91	Wellington Sears Company	15
Brisacher, Wheeler, San Francisco		Ellington & Company, New York	
May, George S., Company	2nd cover	Western Electric Company	1
Allan Martin, Chicago		Cunningham & Walsh, New York	
		Westinghouse Electric Corporation ...	52, 53
		McCann-Erickson, New York	
		Weston, Byron, Company	93
		Walter B. Snow, Boston	
		Zippo Manufacturing Company	11
		N. W. Ayer, Philadelphia	

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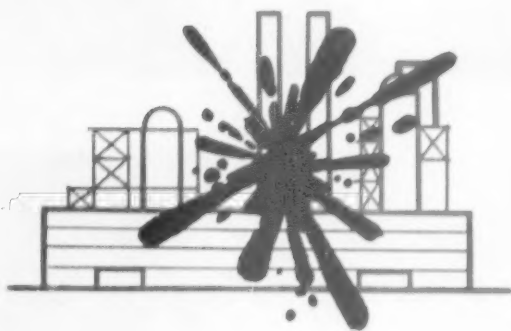
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We sit in the stands and inspire our athletes with our cheers.

We are inclined to support our government this same way.

But democracy is not a spectator sport. It demands participation because people are the muscles of democracy. Only as each citizen pulls his political weight can this form of government give the kind of performance required of champions. When numbers of citizens or groups of citizens fail to do this, democracy becomes muscle-bound and awkward.

This is never good. Today, with another government challenging ours at every opportunity, it could be disastrous. Only a championship performance, with every citizen doing his part, is good enough.

The November election will give the world a chance to see what kind of shape our government is really in.

The world will be watching because we have invited them to watch so that they may learn our methods and copy them. Even our enemies have not listed modesty among our faults.

We will not impress them with a demonstration of political lethargy.

We won't do ourselves much good, either.

A government based on the proposition that people can govern themselves can readily become something else if the people are willing to let others do the governing for them. In the past we have shown a disappointing tendency to do that.

In 1952, after the most intensive get-out-the-vote campaign in our history, 72 per cent of the eligible voters went to the polls. This represented a considerable improvement over previous years. For 1948, the figure was 51 per cent; in 1940 it was 53.4; in 1920, it was 49.3.

The 1952 figure was still small compared to that in other countries. Recent elections have brought out 96.2 per cent of the voters in Australia—where failure to vote brings a fine; 93.8 per cent in Italy; 90 in Belgium; 86 in West Germany; 83 in England; 80 in Sweden.

Some of these people can remember when the privilege of casting free ballots was denied them. Some were undoubtedly swayed by colorful or personable candidates, or by challenging issues.

Our 1952 campaign had those ingredients, too, but 28 per cent of our voters were not sufficiently impressed to make their wishes known.

Among businessmen the disinterest was even greater. According to one estimate, 50 per cent of business voters ignored the 1952 election.

In the face of such apathy it is not surprising that many people in public life find it good politics to be antibusiness; that an assault on businessmen or business practices may win some friends and make few active enemies. Since the 1952 election there have been more than 100 congressional investigations, many of them probing into business practices, laws have been proposed to hamper growth, or tax success; businessmen in government have been harassed; private power companies have been under attack.

This is the type of muscle-bound performance that democracies give when citizens withhold their help.

The cure is for businessmen to take an active part in politics not only by voting themselves, but by explaining the true business facts to other voters and to those who are running for office.

Once they do this, defending business can become as politically popular as attacking it. Then government will be back in championship form.

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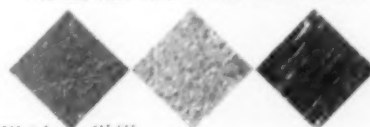
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